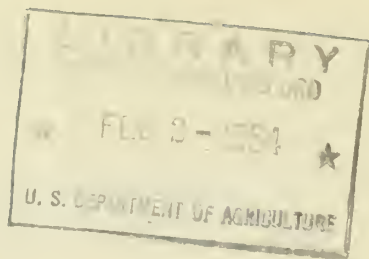


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Report of the Director of Finance



1953

UNITED STATES DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF BUDGET AND FINANCE,
Washington, D. C., October 19, 1953.

Hon. EZRA TAFT BENSON,
Secretary of Agriculture.

DEAR MR. SECRETARY: I respectfully submit the following report for the fiscal year 1953, which covers the financial activities of the Department of Agriculture as a whole and also reports on aspects of the work of the Office of Budget and Finance which have current interest.

In the interest of making the report as useful and informative as possible, we have continued the approach, adopted for the first time last year, of including a general summary of the Department's financial operations. This summary is in addition to the detailed financial statements.

Sincerely,

JOSEPH C. WHEELER,
Director of Finance.

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REPORT OF THE DIRECTOR OF FINANCE, 1953

This report is presented in three principal parts. Part I briefly analyzes funds available to the Department, particularly in terms of their relationship to programs and other pertinent factors. Part II contains financial tables showing various types of data with respect to the fiscal activities of the Department. Part III covers the work of the Office of Budget and Finance, including comments on efforts to achieve greater effectiveness in the administration of budgetary, fiscal, and supply management functions in the Department.

PART I

FINANCIAL OPERATIONS OF THE DEPARTMENT OF AGRICULTURE

THIS PART of the report is designed to show, in broad terms, the funds available to the Department and the programs for which they were used. It is based on the idea that a clear indication of the relationship between funds and programs is necessary to an understanding of the Department's overall financial situation.

The classification of programs by function provides the means for a summarized presentation which relates funds to very broad areas of work. For the purposes of this part of the report, the activities of the Department are grouped within 10 major functions, as follows:

1. *Conservation and development of resources:*

Agricultural conservation program.

Soil conservation districts program and related SCS activities.

Forestry.

Flood prevention in upstream areas.

2. *Production, purchase, and distribution of commodities:*

Removal of surplus agricultural commodities.

National school lunch program.

Sugar Act program.

Agricultural production programs.

Salaries and expenses, Defense Production Act.

Commodity Credit Corporation programs.

3. *Farm loans:*

Farmers Home Administration programs.

Farm Credit Administration and the institutions comprising the Farm Credit System.

4. *Rural electrification and telephone loans.*

5. *Research:*

Includes all activities of the Department which are classified as research.

6. *Cooperative extension work.*

7. *Marketing: Regulatory and service activities:*

Meat inspection.

Enforcement of the Commodity Exchange Act, the Process Butter Act, and other marketing regulatory laws.

Market news service, inspection and grading of agricultural commodities, and other marketing service activities.

8. *Plant and animal disease and pest control:*

Animal disease control and eradication.

Insect and plant disease control.

Plant quarantines.

Control of emergency outbreaks of insects and plant diseases.

Control of forest pests.

9. *Crop insurance.*

10. *Other:*

Consists of activities not classifiable under the above nine functions. Includes the crop reporting service, the Offices of the Secretary, Solicitor, and Information, the Department Library, and the Foreign Agricultural Service.

There are two major methods of financing the programs of the Department of Agriculture. One is by appropriations and similar authorizations. The other is through use of corporate funds. The noncorporate authorizations provide funds directly from the Treasury. The resources available to the corporations for their programs, on the other hand, arise from their capital, borrowings, and operating income.

In view of the basic differences in these two types of financing, the accompanying charts show the funds provided for the Department's programs in 1951, 1952, and 1953 in two parts. Figure 1 shows appropriations and Rural Electrification Administration and Farmers Home Administration loan authorizations. Figure 2 presents corporate funds applied to operations.

The amounts shown in figure 1 represent the new appropriations and authorizations in each of the 3 years. In a few instances unused balances are available for use in subsequent years. To avoid duplication, however, such balances are excluded from the chart. The most significant item of this character concerns the manner in which funds for rural electrification and telephone loans are provided. The appropriation act each year speci-

fied the amount which may be borrowed from the Secretary of the Treasury for making these loans. Unused balances of the authorizations continue available in succeeding years. The new authorization for a year is provided by Congress in an amount which, when added to unused authority previously provided, will finance the desired volume of loans. The apparent sharp decline in the REA program, as shown on the chart, arises from the fact that a substantial part of the 1951 authorizations was not used and therefore was available in the following years. The actual level of the lending program was \$260 million in 1951, \$206 million in 1952, and \$201 million in 1953. Taking this factor into consideration, the activities of the Department financed by appropriations and related authorizations have remained at about the same level over the 3-year period.

Programs conducted by the corporations of the Department come within the three functional classes shown in figure 2. The chart is based on funds applied to operations since this is the best measure of the amounts going into the respective programs. Other factors, such as the income, expenses, and net worth of the corporations, are covered elsewhere in the report.

Since the purpose of these charts is to show primarily certain overall aspects of the Department's financial operations, the data is in a greatly summarized form. The 10 major program areas include many different activities. To facilitate an understanding of the relationship between funds and programs, additional information on these activities is given on pages 6 through 20. This, also, is necessarily a brief, highly summarized presentation of factors influencing financial operations. A detailed discussion of programs is not, of

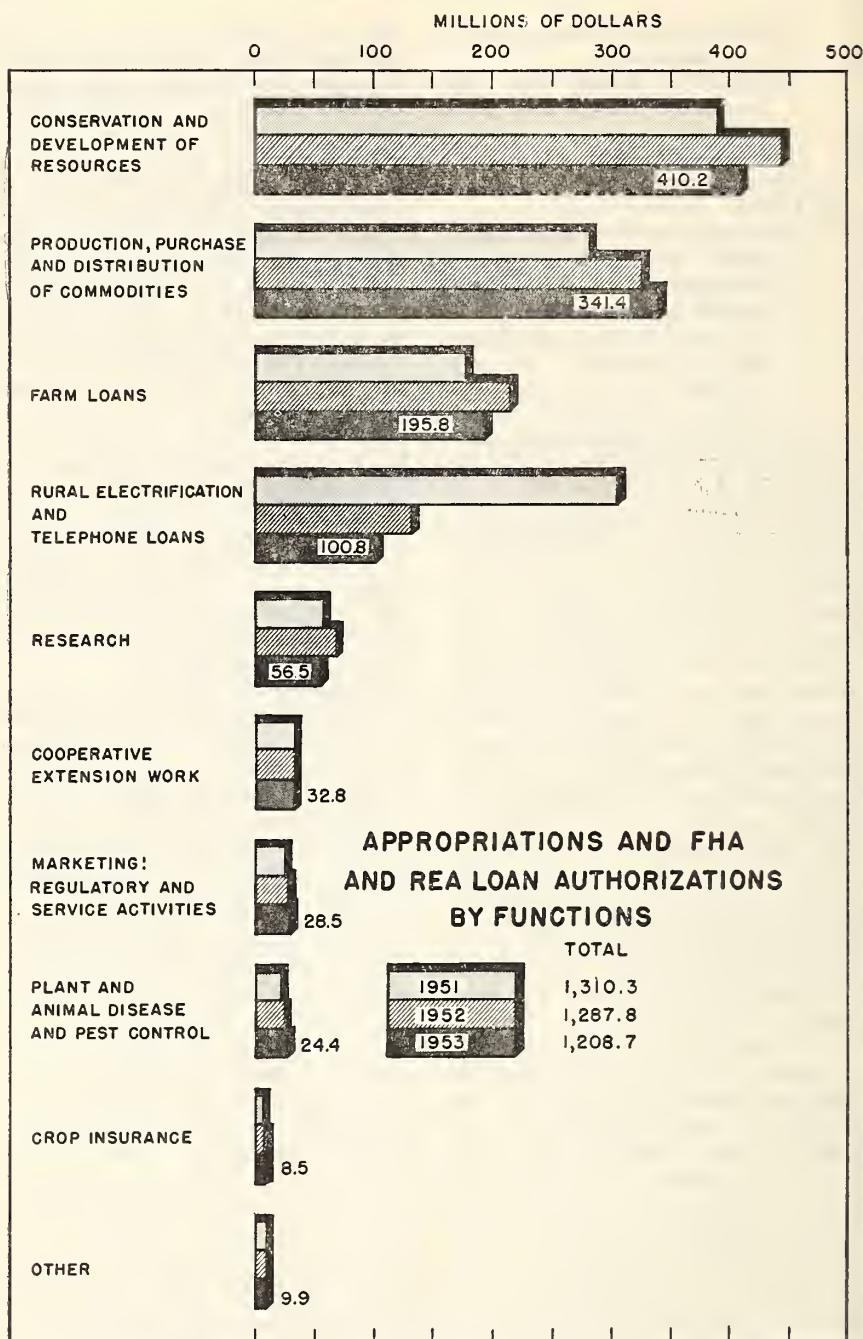


FIGURE 1.

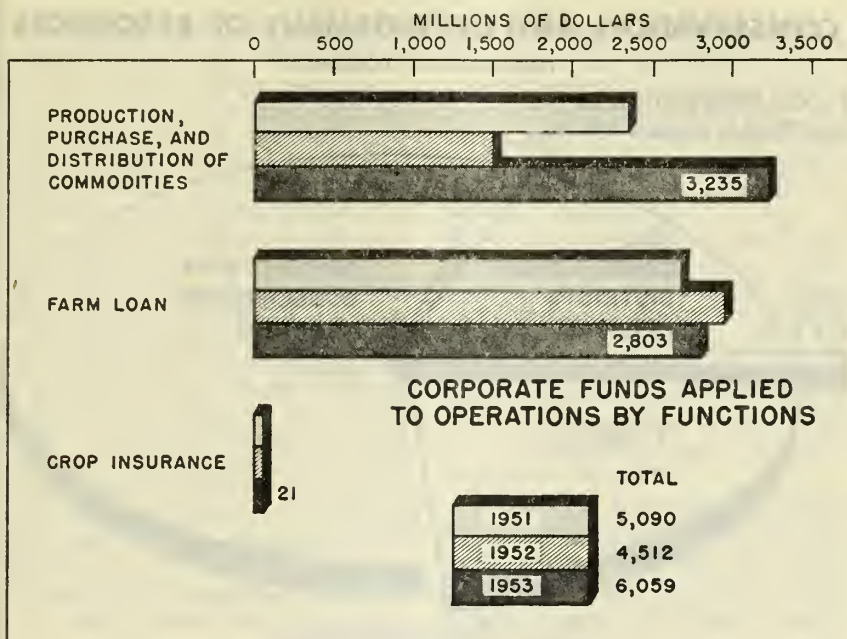


FIGURE 2.

Page

course, within the province of this report.

To provide a convenient reference and facilitate the use of the overall charts, the page reference to the discussion of each of the functions follows:

FUNCTION

Page

Conservation and development of resources.....	6
Production, purchase, and distribution of commodities.....	9
Farm loans.....	12
Rural electrification and telephone loans.....	14
Research.....	15
Cooperative extension work.....	16
Marketing: Regulatory and service activities.....	17

Plant and animal disease and pest control.....	18
Crop insurance.....	19
Other.....	20

The emphasis in the brief treatment of these functions is on the financial aspects of programs and related factors. Charts are used to present information having particular interest or significance. Program objectives are summarized to indicate the relationship of the various lines of work to the Department's financial structure. Where it appears desirable, other program facts which contribute to the understanding of financial operations are given.

CONSERVATION AND DEVELOPMENT OF RESOURCES

(MILLIONS OF DOLLARS)

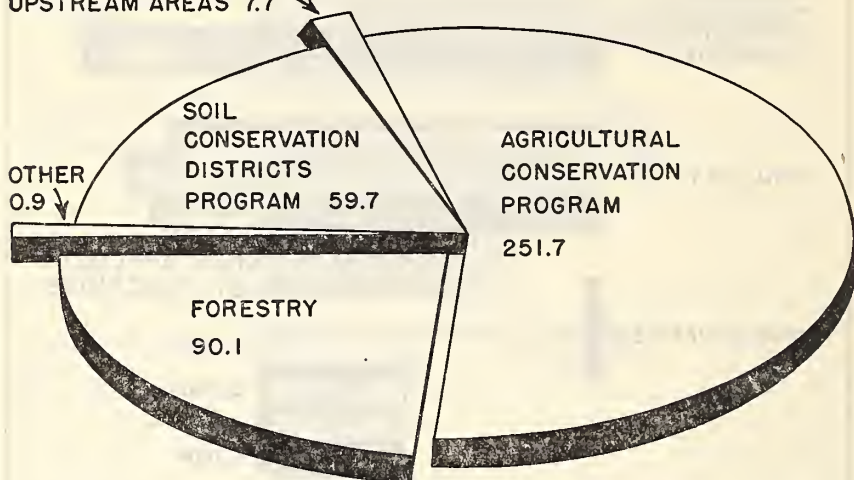
**FLOOD PREVENTION IN
UPSTREAM AREAS 7.7****1953 APPROPRIATIONS**

FIGURE 3.

This function includes programs for the conservation of the basic agricultural soil and water resources. Appropriations for 1953 are shown in figure 3. The total excludes related research, since all agricultural research is covered in the separate function appearing on page 15.

The program of technical assistance to locally organized and locally controlled soil conservation districts is administered by the Soil Conservation Service. This assistance includes the making of soil surveys, technical help in developing and applying conservation plans, the loan of some special types of equipment, the grant of limited quantities of trees and other conservation plant materials, and stream flow forecasts in the Western States to provide for efficient utilization of available water. Technical assistance was being supplied to 2,549 soil conservation districts,

comprising 87 percent of the Nation's farms, as of June 30, 1953. This was an increase of 82 districts over the number a year earlier.

The flood prevention program of the Department is carried on in upstream areas, and complements the mainstream flood control activities of the Corps of Engineers and other agencies.

The unit for flood prevention work is the watershed. The Department's activities consist of examinations and surveys of individual watersheds and the development of reports containing recommended programs of flood prevention, and the installation of improvement measures in accordance with approved programs.

The Agricultural Conservation Program offers assistance to individual farmers and ranchers for carrying out soil conservation practices on their farms. Assistance is available as (1) partial payment for

materials and services needed by the farmer for conservation practices, and (2) partial reimbursement to farmers who have carried out approved practices at their own expense. This Federal assistance amounts to about one-half the cost of the measures adopted on the farms. The specific practices approved for the program each year are based on recommendations coming from the county level.

The appropriation for fiscal year 1953 of \$251,747,866 provided for a program of conservation practices during the 1952 calendar (crop) year. Concurrent with this appropriation, Congress authorized Federal participation in the cost of such practices during the ensuing calendar year 1953, to the extent of \$250,000,000.

Conservation measures fall into two classes—permanent and recurring practices. Permanent-type

practices are those enduring mechanical and vegetative soil and water conservation measures which yield benefits through several years when properly applied, used, and maintained. Recurring practices are those involving annually repeated applications. Figure 4 shows the assistance to farmers for these two types of practices in the years 1951–53 and reflects an increasing use of permanent measures. The amounts shown exclude administrative expenses and funds used to increase small payments in accordance with section 8 (e) of the Soil Conservation and Domestic Allotment Act.

The Forest Service is responsible for the management, protection, and development of the 181 million acres of national forests. These forests, located in 40 States, Alaska, and Puerto Rico, contain about

CONSERVATION AIDS TO FARMERS

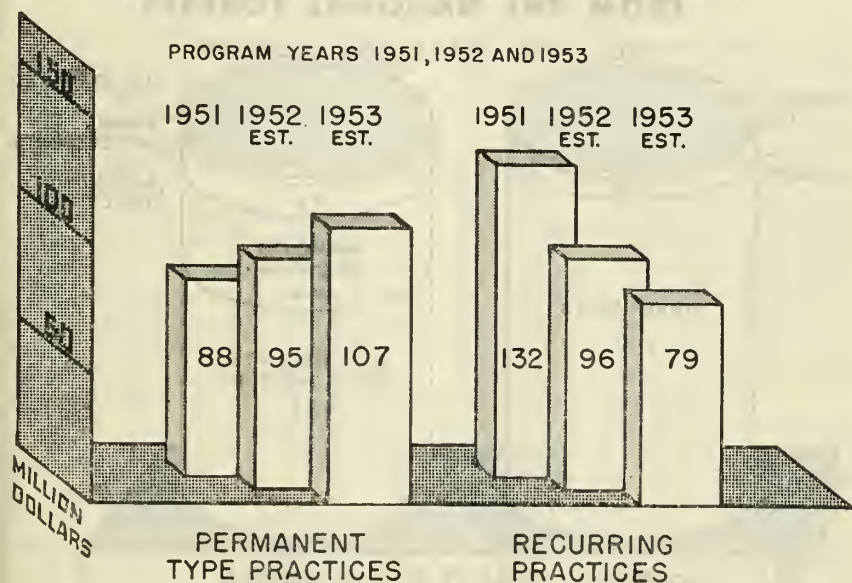


FIGURE 4.

one-third of the remaining saw timber in the United States. In their management, the objective is to obtain the maximum practical yield and use of the many forest resources to meet present and future needs, both locally and nationally. This involves the application of technical forestry to the growing and harvesting of timber crops, effective management of grazing on forest range lands, protection of the forests from fires, insects, and tree diseases, reforestation and revegetation of forests and ranges, construction of roads and other improvements, and related tasks.

The Forest Service also cooperates with State and private forest landowners. This cooperation, involving an additional 427 million acres of forest land, is to obtain better fire protection and improved forest practices and management.

A significant factor in national

forest administration is the amount of receipts from the forests. The sources of national forest receipts in 1953 and the disposition of the funds collected are shown in figure 5. The funds paid to the States, 25 percent of the total receipts, are for the benefit of roads and schools, and are in the nature of payments in lieu of taxes. An additional 10 percent is used by the Department for roads and trails in the national forests, and the remaining 65 percent is deposited in the United States Treasury as miscellaneous receipts. The amount shown as "Undistributed" is being held in suspense, pending the determination as to custody of certain lands. It is worthy of note that this income is being obtained under management policies in line with conservation principles to provide benefits for future generations.

SOURCES AND DISPOSITION OF RECEIPTS FROM THE NATIONAL FORESTS

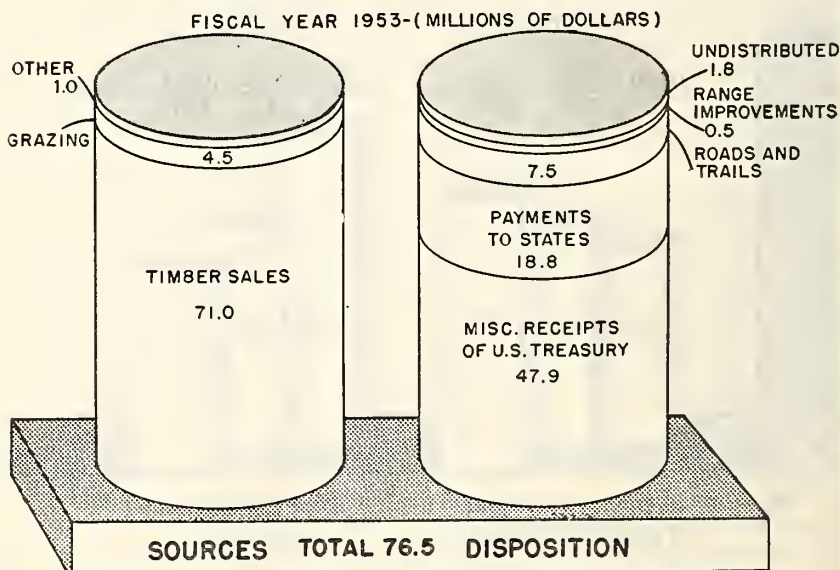


FIGURE 5.

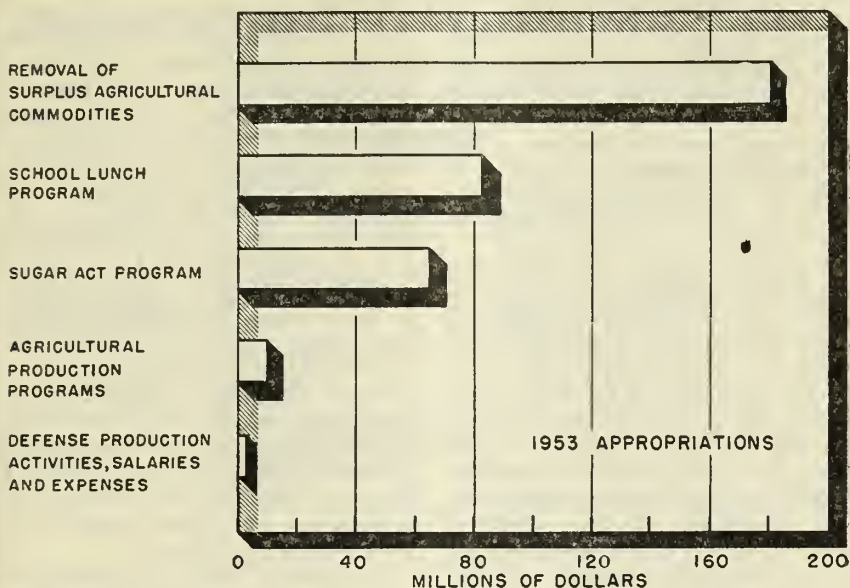
PRODUCTION, PURCHASE AND DISTRIBUTION OF COMMODITIES

FIGURE 6.

Appropriations for production, purchase and distribution of commodities are shown in figure 6. This function also includes the programs of the Commodity Credit Corporation, financed from corporate funds.

Removal of surplus agricultural commodities is authorized by section 32 of the act of August 24, 1935, which provides that each year 30 percent of the customs receipts shall be available for the removal of agricultural surpluses from the normal channels of trade. Unused balances of prior years' funds, to the extent of \$300,000,000, are also available for use if required. Of the total of \$400,503,135 for 1953, only \$73,062,620 was actually used. Under the program, commodities are purchased and distributed to the school lunch program

and to charitable and welfare agencies. In the case of the school lunch program, these commodities are in addition to the cash and commodities made available through the appropriation for that program. In accordance with statutory requirements, the purchases made are principally perishable commodities. The exportation and the diversion of commodities to by-products and new uses as a further means of disposing of surpluses is encouraged through the use of differential payments.

The National School Lunch Act is designed to improve the health and well-being of the Nation's children and to broaden the market for agricultural food commodities. Under the school lunch program, the Federal Government makes cash payments and contributes foods to

States and Territories for use in serving nutritious midday meals to children attending schools up through the high school level. The total available for the program in 1953, including funds from sources within the States as well as Federal assistance, was \$450 million. The Federal Government, by means of cash payments and donated commodities, provided 25 percent of this total.

The objectives of the Sugar Act program are to protect the welfare of domestic producers of sugar and to provide consumers with adequate supplies at reasonable prices. Under the authority of the Sugar Act, quotas are established annually to provide for the marketing of the quantity of sugar which domestic growers are encouraged to produce. The remainder of the country's requirements is apportioned among the various foreign sources. Of the funds available in 1953, \$63,500,000 was for payments to domestic sugar producers. The remainder, \$1,498,776 was for operating expenses. Excise and import taxes imposed by the Sugar Act yield revenues which exceed the cost of the program.

The 1953 appropriation for agricultural production programs was available for acreage allotments and marketing quotas administration, for encouraging farmers to meet production goals for needed commodities in short supply, and for maintaining data on the acreage planted to cotton. Allotments must be established and quotas proclaimed for the basic commodities when supplies exceed certain levels as specified by law. Quotas are put into effect only after two-thirds of the farmers concerned vote their approval in a referendum. With respect to 1952 and 1953 crops, tobacco and peanuts were the only commodities for which acreage allot-

ments and marketing quotas were in effect.

The Commodity Credit Corporation is authorized to engage in buying, selling, lending, and other activities with respect to agricultural commodities to stabilize, support, and protect farm prices, to assist in the maintenance of balanced and adequate supplies and to facilitate their distribution. It may also make available materials and facilities required for agricultural production and marketing. In performing these functions, the Corporation uses normal trade facilities wherever practical.

The Corporation began the year with assets of \$2,010 million and, by the end of the year, the total had reached \$3,520 million. Most of this total consisted of commodity inventories and loans under the price support program.

By means of loans, purchases and other operations, the Corporation assures producers of specified minimum prices for their agricultural products. Price support is required by statute for basic commodities (cotton, corn, wheat, tobacco, rice, and peanuts) and designated nonbasic commodities (wool, mohair, tung nuts, milk, and butterfat). For other nonbasic commodities, price support is not mandatory but is authorized under prescribed conditions.

Figure 7 shows the price support expenditures and receipts in 1953, separately identifying the commodities accounting for most of the expenditures. Most of the excess of expenditures over receipts was reflected in the increases in commodity inventories and loans outstanding. The net expenditures, of course, do not represent losses since a major part of such expenditures are recoverable.

The expenditures shown in the chart include commodity loans of

INVESTMENT IN PRICE SUPPORT PROGRAMS

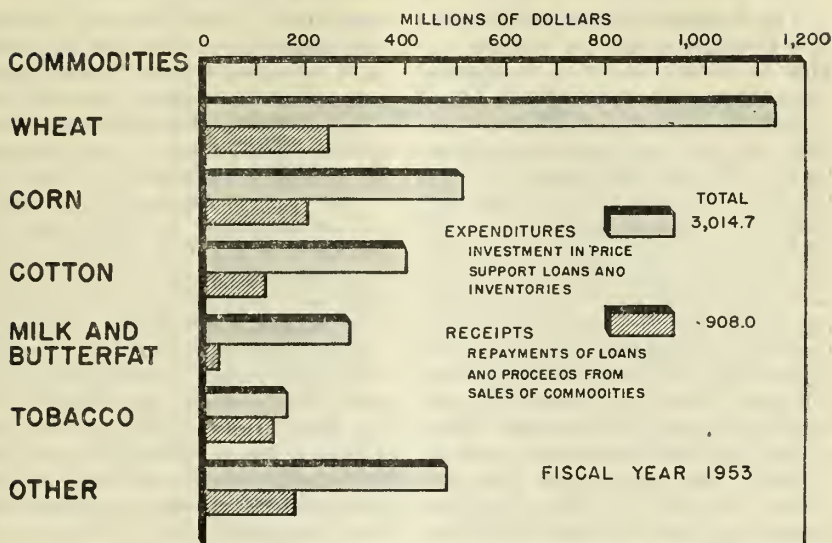


FIGURE 7.

\$2,122 million, and price support purchases and other costs totaling \$893 million. Receipts from loan repayments and disposition of commodities were \$455 million and \$450 million, respectively.

Another activity of the Corporation is the supplying of commodities, on a reimbursable basis, to other agencies and programs. Purchases and handling costs for this purpose amounted to \$87 million. Nearly all of the \$74 million inventory on hand at the end of the year was being held for national defense purposes.

About \$7 million were advanced to farmers to finance the construction of farm storage facilities and equipment. Repayments on loans of this type made in prior years amounted to \$8 million. At June 30, a balance of \$25 million remained outstanding on such loans.

The Corporation also pays cur-

rent obligations to cover the costs of the International Wheat Agreement and is subsequently reimbursed therefor. These obligations amounted to \$131 million in 1953.

The Corporation is capitalized at \$100 million but the principal source of funds to finance its activities is through borrowings from the United States Treasury. During the year net borrowings of \$1,642 million raised the outstanding balance of this indebtedness to \$3,612 million at June 30. Interest expense during the year amounted to \$48 million.

The Corporation's net loss for the year, including the estimated loss to be incurred upon disposition of commodities held or to be acquired through binding commitments under the price support program, was \$627 million compared with a loss of \$66 million in the preceding year.

FARM LOANS

The Farmers Home Administration provides credit for farmers unable to obtain loans at reasonable rates from other sources. Types of loans made include (1) farm ownership for the purchase or development of family size farms, (2) production and subsistence loans for farm operating expenses and other farm needs, (3) water facilities loans to provide for domestic or irrigation water supplies, (4) farm housing loans for the construction, alteration, or repair of dwellings and other farm buildings, and (5) loans in areas where a production disaster has created credit needs which cannot be met from other sources.

Funds for new loans are provided annually by the Congress, except for disaster loans which are financed from a revolving fund in which collections of such loans are

deposited. Collections of principal and interest on all other loans are paid into the United States Treasury. New loan funds provided for 1953 totaled \$164,000,000. The operating expenses of the Farmers Home Administration were financed by an appropriation of \$29,340,042.

The advances to borrowers, the amounts which had matured as of June 30, 1953, and the payments received on principal under current loan programs are shown in figure 8.

Within limits set by the Congress, this agency also insures farm ownership loans made by private lending institutions. This service, for which a fee is charged to provide for possible losses and for administrative costs, insures mortgages for farm purchase, farm enlargement, and farm development.

FARMERS HOME ADMINISTRATION STATUS OF LOANS

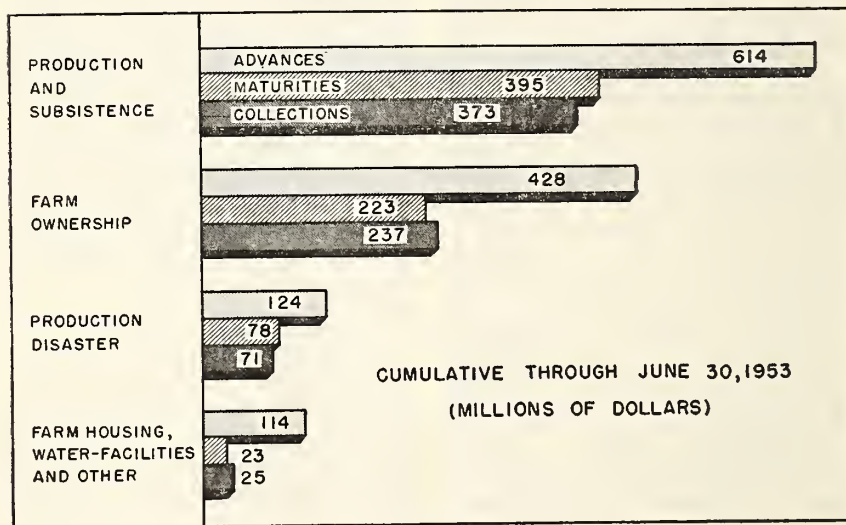


FIGURE 8

The Farm Credit Administration supervises a system of cooperative agricultural credit designed to provide at all times dependable sources of short-term and long-term loans to farmers and farmers' cooperative associations. The volume of loans made through the Farm Credit System in the fiscal years 1952 and 1953 is shown in figure 9.

Farm mortgage loans are available through the Federal Land Banks. The Federal Intermediate Credit Banks serve as banks of discount for agricultural credit and make no direct loans to individuals. Under the direction of the Production Credit Corporations, the production credit associations provide short-term production credit to finance the crop, livestock, and operating capital requirements of

their farmer members. The Banks for Cooperatives furnish short-term and medium-term credit to farmers' cooperatives. The Federal Farm Mortgage Corporation, which formerly made farm mortgage loans, is currently liquidating its assets.

The expenses of the Farm Credit Administration for supervision, examination, and coordination of the Farm Credit System are paid from assessments against the member institutions. In 1953 the total of such assessments was fixed by law at not to exceed \$2,321,451.

The Farm Credit Administration also conducts a program of technical assistance to farmers' cooperatives. This work is authorized by the Cooperative Marketing Act of 1926 and is financed by a direct appropriation.

LOANS MADE BY FARM CREDIT SYSTEM

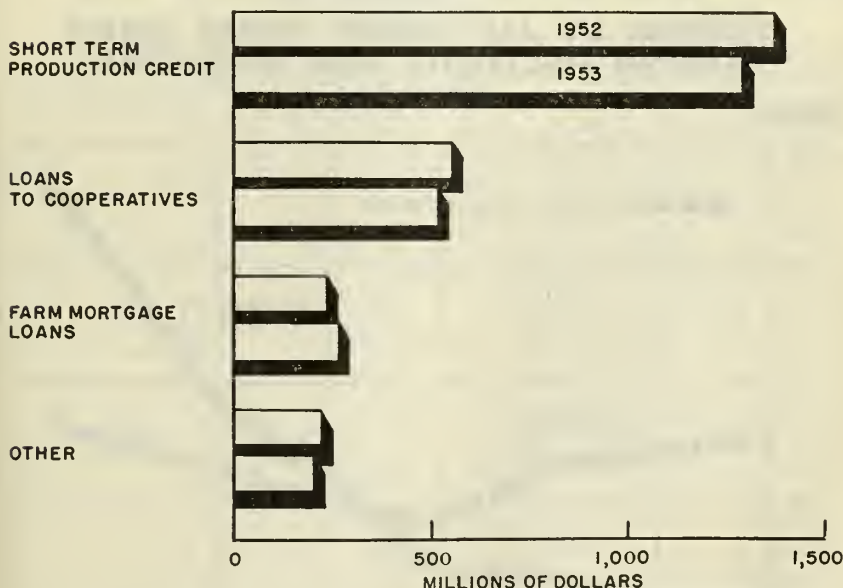


FIGURE 9.

RURAL ELECTRIFICATION AND TELEPHONE LOANS

Rural electrification loans, initiated in 1935, provide for extending central station service to unserved rural people. Rural telephone loans, begun in the fiscal year 1950, are for the purpose of furnishing and improving rural telephone services.

Loans are made from funds provided through annual authorizations by the Congress and from unused balances of prior years' authorizations. In 1953, electrification loans approved were \$164,972,662, and telephone loans \$35,883,500. The appropriation for REA operating expenses was \$3,287,980.

Electrification loans are made principally to cooperative associations formed to make electricity available in rural areas. Telephone loans are made to private companies and cooperatives. These loans are made both for providing telephone

service to new areas and for improving existing service which, in numerous instances, is inadequate to serve the needs of rural people. Each type of loan is made for a period not longer than 35 years at 2 percent interest.

Collections of REA loans are paid into the United States Treasury. As of June 30, 1953, cumulative collections of principal and interest on these loans were running ahead of schedule.

The proportion of farms in the United States with electricity and with telephones, during the period from 1920 through 1953, is shown in figure 10. In 1920, 1.6 percent of all farms had electricity and 38.7 percent had telephones. In 1953, farms with electricity comprised 90.8 percent of the total number and those with telephones 42.5 percent.

PERCENT OF ALL UNITED STATES FARMS HAVING ELECTRICITY AND TELEPHONES

1920 TO 1953

PERCENT

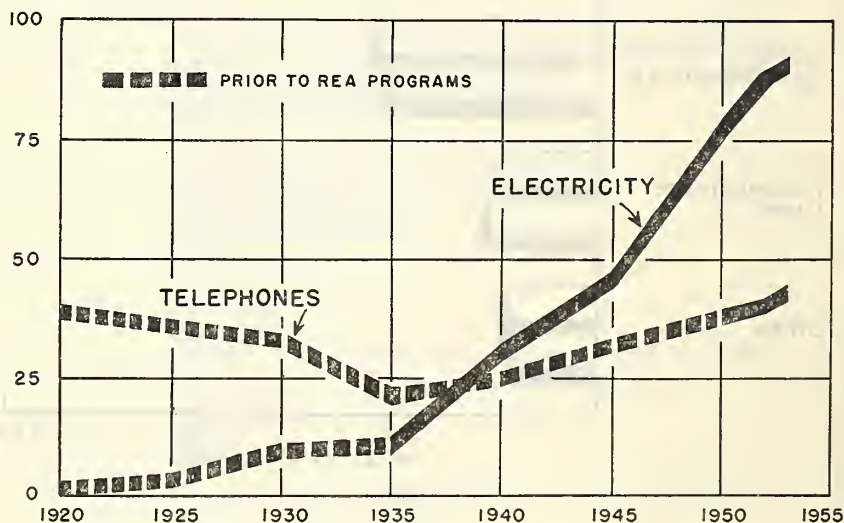


FIGURE 10.

RESEARCH

(MILLIONS OF DOLLARS)

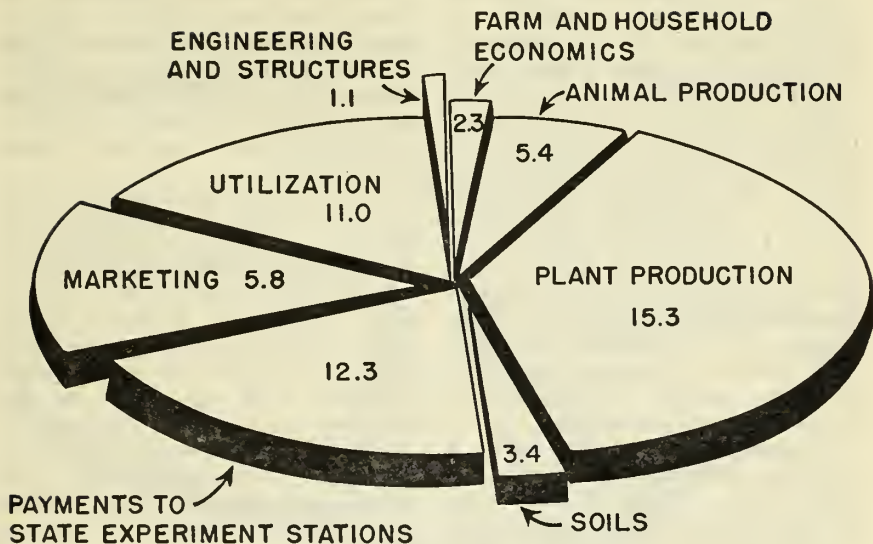
**1953 APPROPRIATIONS**

FIGURE 11.

The research program of the Department, although consisting of many individual projects, can be classified in terms of a small number of broad groupings of work related to a common objective. A classification of this nature, which shows the 1953 appropriations for the general fields of research, is presented in figure 11. The chart depicts seven major areas of research and reflects separately the amount appropriated for payments to State agricultural experiment stations.

An analysis of this type is useful from the standpoint of showing the funds which go into broad lines of research, but it should not be assumed that each of these fields is unrelated to the others. Actually, there are many interrelationships of which the Department must be aware in the interest of maintaining a cohesive and well-coordinated research program.

Much of the Department's research is conducted cooperatively with the State agricultural experiment stations and other public and private agencies. Cooperation and coordination with other agencies engaged in agricultural research is essential both to prevent duplication of effort and to assure that the most needed research is being performed.

Agricultural research, and the effective application of its results, have far-reaching implications in the welfare of the Nation. The continuing search for expanded and improved yields, more effective marketing, better utilization of farm products, increased efficiency in agricultural production, and general improvement and progress in all phases of the farm economy is essential to assure that the country's requirements for food and fiber will be met in the years to come.

COOPERATIVE EXTENSION WORK

Extension work in agriculture and home economics is basically an educational activity. Principally through county agents, home demonstration agents, and youth-club workers, the results of research and other agricultural programs are brought to rural people in terms of local, ready-to-use application. This is a partnership undertaking of the Department of Agriculture, the State land-grant colleges, and rural localities for the purpose of improving the economy and living standards of farmers and farm communities. Many phases of the program are also of interest and benefit to nonfarm persons.

Cooperative extension work is financed by Federal, State, and local funds. Figure 12 shows the amounts from each of these sources in the fiscal year 1953. The amount

shown for Federal payments to States does not, however, include the administrative expenses of the Federal Extension Service. These expenses, for which \$1,149,365 was appropriated in fiscal year 1953, are paid directly by the Federal government.

The Federal payments to States were distributed in accordance with formulas contained in the authorizing legislation. This distribution is related principally to the rural or farm population. Under the provisions of the governing laws, only about 55 percent of the Federal payments are required to be matched from sources within the States. However, as shown by the chart, the States and localities are actually contributing about 5 dollars for every 3 dollars of Federal funds.

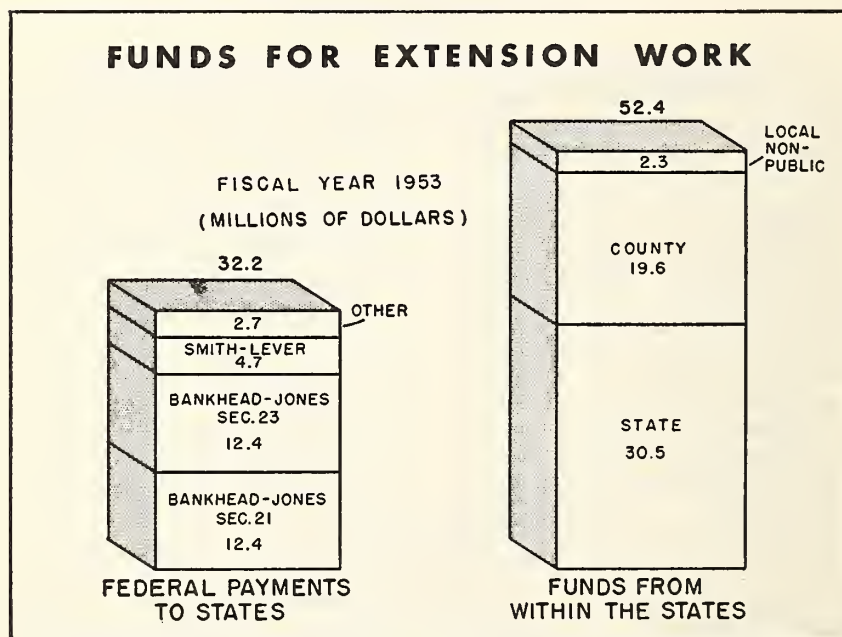


FIGURE 12.

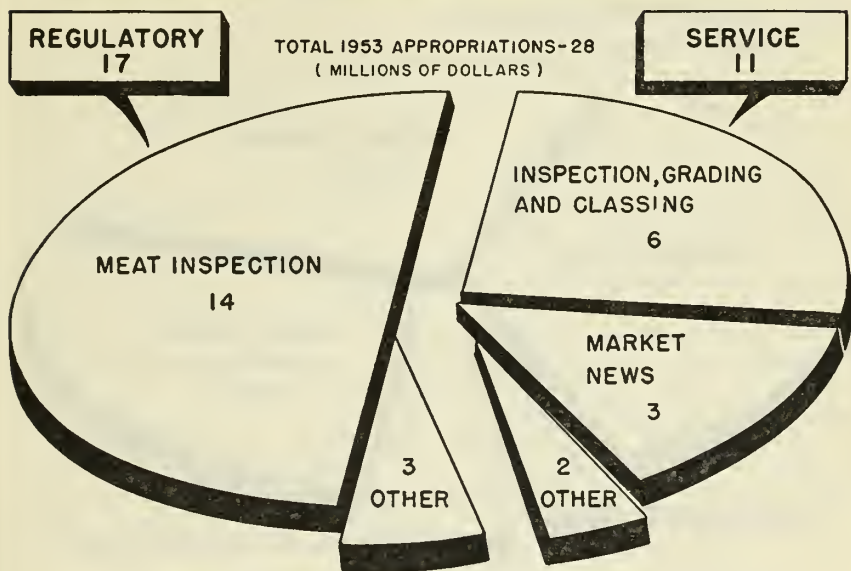
MARKETING:REGULATORY AND SERVICE ACTIVITIES

FIGURE 13.

Appropriations for regulatory and service activities related to marketing are reflected in figure 13, which identifies separately the larger programs.

Federal meat inspection is the largest of the marketing regulatory functions. This inspection is performed to assure the cleanliness and suitability for human consumption of the meat supply. Another regulatory program is the enforcement of the Commodity Exchange Act, a law designed to insure honesty and fair dealing on the commodity exchanges. Other regulatory acts include the Federal Seed Act, Insecticide Act, Packers and Stockyards Act, Standard Container Acts, and United States Warehouse Act. The regulatory programs are administered through activities such as licensing or registration, supervision of operations, collection and testing of samples, and handling of complaints and violations.

Inspection, grading, classing, and

standardization activities for agricultural commodities account for the greatest part of funds appropriated for marketing services. Impartial inspection, classing, and grading of commodities and the development and use of uniform standards of quality benefit both producers and consumers. In all, more than \$18 million is spent annually for inspection, grading, and classing services. More than three-fourths of this total cost is covered by fees and reimbursements for the services. Another activity is the provision of timely and reliable market information through the market news service, conducted cooperatively with 33 States and Hawaii. Other services to improve and facilitate marketing are financed mainly from the appropriation for the Agricultural Marketing Act of 1946, under which projects to strengthen the marketing program of the Department are authorized.

PLANT AND ANIMAL DISEASE AND PEST CONTROL**TOTAL 1953 APPROPRIATIONS-24.4**

(MILLIONS OF DOLLARS)

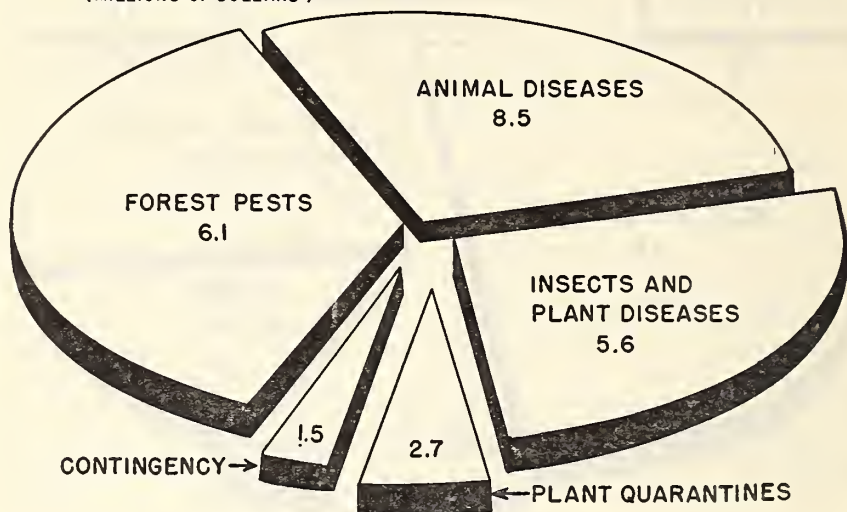


FIGURE 14.

The objective of these programs is to protect agriculture from destructive insects and animal and plant diseases. Appropriations for 1953 are shown in figure 14. Control measures, in general, are conducted cooperatively with State and local agencies.

The eradication of tuberculosis and brucellosis accounted for about \$6,000,000 of the appropriation for animal diseases. In addition to control and eradication of animal diseases, there are activities to exclude diseases of foreign origin and to prevent the spread of diseases through interstate shipments.

Forest pest control involves surveys to detect infestations and determine appropriate protective measures, and control operations to suppress or eradicate pests and diseases. More than half of this appropriation is for white pine blister rust control.

Control of insects and plant diseases is carried on through inspection to detect and determine the seriousness of infestations and operations to apply control measures. Current problems include pink bollworm, wheat stem rust, white-fringed beetle, gypsy moth, and grasshopper control.

Plant quarantines are designed to prevent entry from abroad of insect pests and plant diseases. Inspections of plant materials are made at the borders and at major ports of entry. This program also involves inspection of domestic plants in transit, and certification of plants for export.

Contingency funds of \$500,000 for control of forest pests and \$1,000,000 for control of insects and plant diseases were appropriated for 1953. These were available for use in meeting emergencies and unforeseen outbreaks.

CROP INSURANCE

The insurance provided by the Federal Crop Insurance Corporation protects the farmer's crop investment against losses resulting from unavoidable causes. It provides an orderly underwriting plan which permits the farmer to help himself over periods of economic distress caused by crop failure.

The Corporation is capitalized at \$100 million of which \$27 million has been subscribed by the Secretary of the Treasury and the remaining \$73 million is unissued. The principal resource for program operations is the insurance premiums paid by participating farmers. In 1953, \$8,500,000 was appropriated for administrative expenses, of which only \$6,918,251 was used.

Coverage is offered on seven basic crops and, in addition, a multiple

crop contract is available which insures under a single policy the investment by the farmer in producing several crops. Figure 15 displays the relationship between premiums collected and indemnities paid on crops insured in 1952.

By law, the crop insurance program is offered on a gradually expanding basis so that experience may be gained for possible nationwide application. For the 1953 crop year, insurance was available in 921 counties in 43 States and was participated in by 418,000 farmers.

The total face value of insurance contracts issued on 1953 crops amounted to \$446,609,000. Premiums on these contracts will approximate \$27,040,000. It is estimated that indemnity claims will amount to \$25,573,000.

PREMIUMS AND INDEMNITIES ON 1952 CROPS

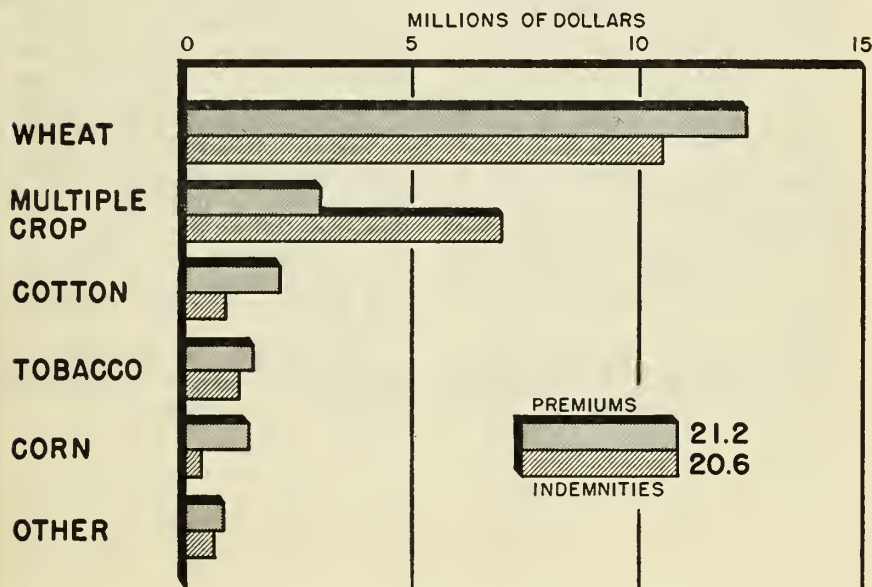


FIGURE 15.

OTHER

The appropriations included in the category designated as "Other" in figure 1 are for overall Departmental staff and service functions and for some of the smaller programs of the Department.

The Crop and Livestock Reporting Service of the Bureau of Agricultural Economics gathers basic statistical data on production, utilization, stocks, prices, and related factors affecting farm crops and livestock.

The Foreign Agricultural Service serves the interests of United States farmers by collecting facts and reporting conditions in foreign countries which affect the market for American farm products. It also represents the Department in the negotiation and carrying-out of international agreements affecting agriculture. In addition, the Service coordinates the Department's responsibilities for the agricultural aspects of the overseas technical assistance program (point IV).

The Department Library makes the published literature on agriculture available to the Department, to other agencies, and to the general public.

The primary functions of the Office of Information are overall coordination of information work in the Department and final editing and clearance of publications and releases of information to the public.

The Solicitor's Office, serving as the law office of the Department of Agriculture, performs all of the

legal work arising from the Department's activities.

The appropriation for the Office of the Secretary provides not only for the immediate office of the Secretary of Agriculture but also for the Offices of Hearing Examiners, Personnel, Plant and Operations, and Budget and Finance.

The Office of Hearing Examiners conducts hearings arising from disciplinary complaints and petitions incident to various regulatory programs of the Department. It also holds hearings relative to proposed new regulations.

The Office of Personnel is the Departmental staff agency providing general direction, coordination, and administration of personnel management activities of the Department. These include job classification and evaluation, recruitment, placement, retirement, employee relations, health, and related aspects of employment.

The Office of Plant and Operations is responsible for the housing of the Department's activities, communications, and records management services, technical advisory engineering services, administrative and budgetary service functions for the Office of the Secretary, and, in the District of Columbia, certain departmental services such as telephone, telegraph, and postal service, duplicating, central stocking and issuing of supplies, and motor transport.

The activities of the Office of Budget and Finance are covered in part III of this report.

PART II

TABLES OF FINANCIAL OPERATIONS OF THE DEPARTMENT OF AGRICULTURE

DETAILED financial tables showing various phases of the Department's financial activities are presented in this part of the report. Data are provided on funds available, obligations, appropriations, expenditures, receipts, and corporate funds. In the interest of continuity in these annual reports on finances, the tables are similar to those included in previous years.

In these tables the primary emphasis is on the fiscal year 1953, with comparative data for 1951 and 1952 included in a number of instances. One of the tables on appropriations and the table on research cover a 10-year period.

To facilitate the use of the tables explanatory comments concerning the basis on which they were prepared are given:

Funds available, as reflected in table 1, encompass both current appropriations and balances of prior years' appropriations which continue available for use in subsequent fiscal years. Also included are transfers, reimbursements, and advances of funds from agencies outside the Department for services performed for such agencies, as well as deposits in trust accounts of funds from nongovernmental sources for use by the Department in carrying out certain specified activities pursuant to legislative authorization. "Obligations" designate the funds committed during the year and therefore show the extent to which funds available have been used. Because of this

relationship, both funds available and obligations are included in table 1. These same two factors are the basis for tables 7 and 8 which provide detail on funds transferred to the Department and trust funds.

Appropriations made by the Congress are reflected in tables 2 and 3. Table 2 is a summary of appropriations for the fiscal years 1951, 1952, and 1953. Table 3 indicates appropriations over a 10-year period.

Expenditures, included in table 5, show the actual cash disbursements during the year, on the basis of checks issued by the Treasury. Some of these disbursements were in liquidation of obligations incurred in preceding years. Thus, the terms "obligations" and "expenditures" are not synonymous. "Receipts" (table 6) are funds deposited in the Treasury as a result of Department of Agriculture operations.

Table 9 is a commercial type statement on noncorporate lending activities. While these activities are also covered in table 1 through 8, it is believed that the statement on sources of funds and their application may be of value.

Commercial-type statements on the financial aspects of the corporations of the Department are made available in tables 10, 11, and 12. The financial transactions of the corporations are covered separately since, as previously mentioned, their operations differ substantially from those of the Department's other activities.

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FINANCIAL ACTIVITIES OF CORPORATIONS

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TABLE 1.—Summary of funds available and obligations, by type of funds and by agencies, fiscal year 1953, excluding funds arising from corporate operations ¹

Item	Funds available	Obligations
By type of funds:		
Appropriated funds accounts:		
Appropriations, 1953.....	\$952,192,994	-----
Less transfers to other agencies.....	² 759,784	-----
Net available under 1953 appropriations.....	951,433,210	-----
Balances available from prior years.....	293,856,999	-----
Deposits in revolving funds and other accounts, of collections and advances authorized by special legislation.....	34,539,752	-----
Reimbursements for services performed.....	16,599,529	-----
Total, appropriated funds accounts.....	1,296,429,490	\$912,325,295
Authorizations to borrow from Secretary of the Treasury for REA and FHA loans:		
New authorizations, 1953.....	256,500,000	-----
Balances available from prior years.....	118,064,342	-----
Total, borrowing authorizations.....	374,564,342	337,551,216
Transfers received from appropriations made to agencies outside the Department, and advance working funds for services performed ³	44,960,016	30,065,210
Trust funds.....	59,330,950	38,975,174
Subtotal.....	⁴ 1,775,284,798	⁴ 1,318,916,895
Deduct funds which continue available in subsequent years.....	⁵ 421,466,861	-----
Total.....	1,353,817,937	1,318,916,895
By agencies:		
Agricultural Research Administration:		
Administrator, Office of.....	1,465,649	1,402,016
Agricultural and Industrial Chemistry, Bureau of.....	8,983,626	7,914,966
Animal Industry, Bureau of.....	45,018,152	34,785,668
Dairy Industry, Bureau of.....	1,595,349	1,580,306
Entomology and Plant Quarantine, Bureau of.....	15,724,408	15,236,713
Experiment Stations, Office of.....	13,217,900	13,182,911
Human Nutrition and Home Economics, Bureau of.....	1,494,811	1,461,529
Plant Industry, Soils, and Agricultural Engineering, Bureau of.....	13,515,567	13,332,915
Total, Agricultural Research Administration.....	101,015,462	88,897,024
Agricultural Conservation Program.....	258,900,959	252,170,468
Agricultural Economics, Bureau of.....	6,898,884	6,761,703
Commodity Exchange Authority.....	727,623	700,075
Extension Service.....	33,656,978	33,575,254
Farm Credit Administration.....	9,063,767	3,352,141
Farmers Home Administration.....	277,405,911	256,084,972
Federal Crop Insurance Corporation.....	7,309,607	6,664,351
Foreign Agricultural Service.....	9,720,844	7,700,742
Forest Service.....	138,157,030	117,579,298
Information, Office of.....	1,767,805	1,648,125
Library.....	834,827	834,459
Production and Marketing Administration.....	625,476,109	282,824,324
Rural Electrification Administration.....	218,543,642	181,258,075
Secretary, Office of the.....	2,601,069	2,563,308
Soil Conservation Service.....	80,576,877	73,733,685
Solicitor, Office of the.....	2,627,404	2,568,891
Subtotal.....	1,775,284,798	1,318,916,895
Deduct funds which continue available in subsequent years.....	⁵ 421,466,861	-----
Total.....	1,353,817,937	1,318,916,895

¹ Excludes capital fund activity of the Commodity Credit Corporation, Federal Crop Insurance Corporation, and institutions supervised by the Farm Credit Administration, for which see tables 10 through 12.

² Consists of \$171,532 from "Removal of surplus agricultural commodities" and \$588,252 from "Control of Forest Pests" transferred to the Department of the Interior.

³ For detailed listing of these items, see table 7.

⁴ Excludes \$14,262,840 of the total of \$57,767,903 of foreign aid funds and \$2,719,762 of the total of \$12,509,507 of the Defense Production Act revolving fund authorization allocated to the Department. These excluded amounts were used for procurement of agricultural commodities by the Commodity Credit Corporation. Also excludes working funds advanced and, to the extent practicable, reimbursements made by Commodity Credit Corporation for services performed by other agencies of the Department. All of these excluded amounts are included in the financial statements of the Corporation reflected in tables 16, 11, and 12.

⁵ Consists of the following: appropriated funds accounts, \$349,374,713, of which \$300,000,000 is for "Removal of surplus agricultural commodities"; loan authorizations (REA) \$37,011,703; transfers and working fund advances received from appropriations made to agencies outside the Department, \$14,724,669; and trust funds, \$20,355,776.

TABLE 2.—*Appropriations and FHA and REA loan authorizations for the fiscal years 1951, 1952, and 1953*

[Includes all supplemental appropriations. Where necessary, figures are adjusted for comparability with the appropriation structure in 1953]

Item (arranged in the order of the annual appropriation act)	Appropriations		
	1951 ¹	1952	1953 ²
<i>Annual appropriations for regular activities</i>			
Agricultural Marketing Act (RMA—Title II).....	\$5,932,000	\$4,962,000	\$5,249,333
Bureau of Agricultural Economics:			
Economic investigations.....	2,535,000	2,310,000	2,370,400
Crop and livestock estimates.....	2,904,000	3,082,804	3,058,000
Total.....	5,439,000	5,392,804	5,428,400
Agricultural Research Administration:			
Office of Administrator (salaries and expenses).....	585,816	582,440	580,677
Working capital fund, Agricultural Research Center.....	300,000		
Research on agricultural problems of Alaska.....	280,000	268,000	270,000
Office of Experiment Stations:			
Payments to States:			
Hatch Act.....	720,000	720,000	720,000
Adams Act.....	720,000	720,000	720,000
Purnell Act.....	2,880,000	2,880,000	2,880,000
Bankhead-Jones Act, title I, secs. 3-5.....	2,863,708	2,863,708	2,863,708
Bankhead-Jones Act, title I, sec. 9 (sec. 9, Research and Marketing Act, 1946).....	5,000,000	5,000,000	5,000,000
Hawaii.....	90,000	90,000	9,000
Alaska.....	52,500	65,000	77,500
Puerto Rico.....	90,000	90,000	90,000
Total, payments to States.....	12,416,208	12,428,708	12,441,208
Salaries and expenses.....	407,500	390,090	380,000
Virgin Islands agricultural program.....			100,000
Total.....	12,823,708	12,818,798	12,921,208
Bureau of Human Nutrition and Home Economics (salaries and expenses).....	1,483,100	1,436,000	1,399,202
Bureau of Animal Industry:			
Salaries and expenses:			
Animal research.....	3,701,000	3,698,000	3,755,652
Animal disease control and eradication.....	8,237,145	8,457,016	8,475,810
Meat inspection.....	12,799,600	13,840,000	14,160,000
Total, salaries and expenses.....	24,737,745	25,995,016	26,391,462
Research facilities.....		10,000,000	
Total.....	24,737,745	35,995,016	26,391,462
Bureau of Dairy Industry (salaries and expenses).....	1,589,500	1,570,000	1,572,755
Bureau of Agricultural and Industrial Chemistry (salaries and expenses).....	7,970,000	7,675,000	7,499,522
Bureau of Plant Industry, Soils, and Agricultural Engineering (salaries and expenses):			
Plant, soil, and agricultural engineering research.....	10,545,666	11,190,033	11,348,128
National Arboretum.....	148,650	149,000	149,000
Total.....	10,694,316	11,339,033	11,497,128
Bureau of Entomology and Plant Quarantine:			
Salaries and expenses:			
Insect investigations.....	4,061,300	3,915,500	3,867,960
Insect and plant disease control.....	5,684,500	5,697,900	5,599,408
Plant quarantines.....	2,588,500	2,792,600	2,700,000
Total, salaries and expenses.....	12,334,300	12,406,000	12,167,368
Control of emergency outbreaks of insects and plant diseases.....	1,250,000	1,000,000	1,000,000
Total.....	13,584,300	13,406,000	13,167,368
Control of forest pests:			
Forest Pest Control Act.....	1,650,000	2,700,000	3,350,000
White pine blister rust.....	3,429,000	3,300,000	3,299,434
Total.....	5,079,000	6,000,000	6,649,434

See footnotes at end of table.

TABLE 2.—*Appropriations and FHA and REA loan authorizations for the fiscal years 1951, 1952, and 1953—Continued*

Item (arranged in the order of the annual appropriation act)	Appropriations		
	1951 ¹	1952	1953 ²
Forest Service:			
Salaries and expenses:			
National forest protection and management.....	27,408,405	28,814,025	29,546,795
Fighting forest fires.....	6,000,000	9,250,000	6,000,000
Forest research.....	5,302,700	5,416,603	5,400,000
Total, salaries and expenses.....	38,711,105	43,480,628	40,946,795
Forest roads and trails.....	13,737,500	13,000,000	16,000,000
Smoke jumper facilities.....		700,000	
Acquisition of lands for national forests:			
Weeks Act.....	271,000	75,000	75,000
Superior National Forest.....	150,000	125,000	150,000
Acquisition of lands from national forest receipts.....	137,838	138,996	139,999
State and private forestry cooperation.....	10,863,600	10,795,000	10,792,708
Cooperative range improvements.....	700,000	700,000	310,000
Total.....	64,571,043	69,014,624	68,414,502
Flood prevention.....	³ 6,112,800	³ 6,559,600	³ 7,749,425
Soil Conservation Service (salaries and expenses).....	55,090,316	57,089,688	60,319,922
Emergency channel restoration in flood-stricken areas.....		7,460,000	
Water conservation and utilization projects.....	³ 185,500	³ 235,500	³ 425,500
Conservation and use of agricultural land resources.....	256,500,000	260,000,000	251,747,866
Farm restoration program in flood-stricken areas.....		30,980,000	
Production and Marketing Administration:			
Agricultural production programs.....	23,050,000	10,000,000	⁴ 9,995,781
Sugar Act program.....	63,750,000	70,000,000	64,998,776
National school lunch program.....	83,500,000	83,367,491	83,364,269
Marketing services.....	10,828,000	11,466,000	11,464,525
Commodity Exchange Authority.....	650,000	660,800	725,000
Federal Crop Insurance Corporation (salaries and expenses).....	7,095,625	7,949,911	8,500,000
Rural Electrification Administration (salaries and expenses).....	8,270,992	8,285,000	8,287,980
Farmers' Home Administration:			
Salaries and expenses.....	28,199,752	29,395,500	29,340,042
Grants (farm housing program).....	400,000	(⁵)	(⁵)
Disaster loan revolving fund (flood relief and rehabilitation).....		30,000,000	
Total.....	28,599,752	59,395,500	29,340,042
Farm Credit Administration:			
Direct appropriation.....	579,700	427,900	429,720
Assessments against member institutions of the Farm Credit system.....	2,203,691	2,213,990	2,321,451
Total.....	2,783,391	2,641,890	2,751,171
Extension Service:			
Payments to States:			
Capper-Ketcham Act.....	1,480,000	1,480,000	1,480,000
Bankhead-Jones Act, title II:			
Section 21.....	12,000,000	12,000,000	12,000,000
Section 23.....	12,500,000	12,500,000	12,496,827
Additional extension work.....	555,000	555,000	555,000
Alaska.....	56,100	56,100	59,858
Puerto Rico.....	479,348	510,850	541,221
Farm Housing Act of 1949 (title V, sec. 506 (a)).....	33,050	33,050	33,050
Total, payments to States.....	27,103,498	27,135,000	27,165,956
Salaries and expenses.....	888,500	908,000	899,428
Total.....	27,991,998	28,043,000	28,065,384
Office of the Secretary (salaries and expenses).....	2,145,884	2,175,000	2,227,133
Office of the Solicitor (salaries and expenses).....	2,474,100	2,355,000	2,352,024
Foreign Agricultural Service (salaries and expenses).....	600,000	615,000	613,124
Office of Information (salaries and expenses).....	1,270,500	1,263,268	1,251,201
Library (salaries and expenses).....	702,593	687,237	681,169
Total, annual appropriations for regular activities.....	736,470,979	821,689,600	735,901,283

See footnotes at end of table.

TABLE 2.—*Appropriations and FHA and REA loan authorizations for the fiscal years 1951, 1952, and 1953—Continued*

Item (arranged in the order of the annual appropriation act)	Appropriations		
	1951 ¹	1952	1953 ²
<i>Special activities</i>			
Appropriation for research on agricultural materials or substitutes determined by the Munitions Board to be strategic and critical as required by the Strategic and Critical Materials Stock Piling Act.....	399,000	578,800	600,000
Salaries and expenses, defense production activities.....		1,500,000	2,000,000
Total, special activities.....	399,000	2,078,800	2,600,000
<i>Permanent appropriations</i>			
General fund appropriations:			
Payments to school funds, Arizona and New Mexico, national forests fund.....	71,930	107,294	131,588
Removal of surplus agricultural commodities (30 percent of customs receipts).....	¹ 111,192,249	² 158,886,746	³ 181,040,312
Payments to States for cooperative agricultural extension work.....	4,704,710	4,711,200	4,711,200
Appropriations from special sources:			
Expenses, brush disposal, Forest Service.....	387,763	1,772,732	2,497,554
Payments to Minnesota (Cook, Lake, and Saint Louis counties) from the national forests fund.....	43,548	45,122	45,006
Payments to States and Territories from the national forests fund.....	8,362,897	14,002,231	17,406,081
Roads and trails for States, national forests fund.....	3,346,439	5,601,387	6,963,892
Payments due counties, submarginal land program, Farm Tenant Act.....	271,758	309,258	448,050
Perishable Agricultural Commodities Act Fund.....	570,440	404,244	439,243
Forest fire prevention, Forest Service (special receipt fund).....			8,785
Total, permanent appropriations.....	128,951,734	185,840,214	213,691,711
<i>Loan authorizations ⁴</i>			
Rural Electrification Administration loans:			
Rural electrification ⁵	⁷ 264,500,000	⁷ 100,000,000	⁷ 50,000,000
Rural telephone ⁶	32,500,000	⁸ 25,236,718	⁹ 42,500,000
Total, Rural Electrification Administration.....	297,000,000	125,236,718	92,500,000
Farmers' Home Administration loans:			
Farm ownership and farm housing.....	¹⁰ 40,500,000	¹⁰ 38,000,000	38,000,000
Production and subsistence.....	103,000,000	110,000,000	120,000,000
Water facilities.....	4,000,000	5,000,000	6,000,000
Total Farmers' Home Administration.....	147,500,000	153,000,000	164,000,000
Total, loan authorizations.....	444,500,000	278,236,718	256,500,000
<i>Corporate administrative expense limitations</i>			
Commodity Credit Corporation.....	19,100,000	16,500,000	16,492,110
Federal Farm Mortgage Corporation.....	1,280,000	1,100,000	950,000
Federal Intermediate Credit banks.....	1,496,000	1,549,756	1,690,000
Production Credit Corporations.....	1,358,000	1,407,015	1,465,000
Total, corporate administrative expense limitations.....	23,234,000	20,556,771	20,597,110

See footnotes at end of table.

TABLE 2.—*Appropriations and FHA and REA loan authorizations for the fiscal years 1951, 1952, and 1953—Continued*

Item (arranged in the order of the annual appropriation act)	Appropriations		
	1951 ¹	1952	1953 ²
<i>Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes</i> ¹¹			
For restoration of capital impairment, Commodity Credit Corporation:			
Cancellation of notes.....	66,698,457	421,462,507	109,391,154
Appropriations.....			
For eradication of foot-and-mouth and other contagious diseases of animals and poultry:			
Cancellation of notes.....		32,700,000	11,240,532
To cover difference between cost of wheat purchased at domestic market price and receipts from sales at maximum price prescribed by the International Wheat Agreement:			
Cancellation of notes.....			182,162,250
Appropriations.....		76,808,000	
Total, Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes.....	66,698,457	530,970,507	302,793,936
Functional classification of appropriations and FHA and REA loan authorizations:			
Conservation and development of resources.....	389,103,240	447,186,856	410,181,991
Production, purchase, and distribution of commodities.....	281,467,249	323,727,062	341,369,138
Farm loans.....	178,506,338	214,759,255	195,811,895
Rural electrification and telephone loans.....	305,270,992	133,521,718	100,787,980
Research.....	57,023,568	66,233,851	56,477,755
Cooperative extension work.....	32,696,708	32,754,200	32,776,584
Marketing: Regulatory and service activities.....	26,724,006	27,890,793	28,451,867
Plant and animal disease and pest control.....	22,639,145	23,947,516	24,424,652
Crop insurance (salaries and expenses).....	7,095,625	7,949,911	8,500,000
Other.....	9,794,842	9,874,170	9,911,132
Total.....	1,310,321,713	1,287,845,332	1,208,692,994

¹ Figures for 1951 reflect reductions totaling \$152,396,478 made under sec. 1214 of the General Appropriation Act, 1951, which required the Director of the Bureau of the Budget to reduce appropriations and authorizations in the act by not less than \$550,000,000.

² Figures for 1953 reflect reductions totaling \$80,027 made under secs. 411 and 412 of the 1953 Agricultural Appropriation Act.

³ In addition, prior year balances available.

⁴ The Third Supplemental Appropriation Act, 1953, authorized an additional \$3,150,000 for formulating acreage-allotment and marketing-quota programs on wheat and cotton, to be derived by transfer from other appropriations available to the Department of Agriculture.

⁵ These are authorizations to borrow funds for loans from the Secretary of the Treasury. Interest is paid on these borrowings and the principal is retired as collections are made from the individual borrowers under the loan programs.

⁶ Unused balances of these authorizations carry forward and are available in the subsequent year. The rural electrification loan program was as follows: 1951, \$221,733,799; 1952, \$165,425,811; 1953, \$164,972,662. The rural telephone loan program was \$37,828,500 for 1951, \$41,005,718 for 1952, and \$35,883,500 for 1953.

⁷ In addition, the acts provide contingency authorizations as follows: 1951, an additional amount to provide a program of not to exceed \$150,000,000; 1952, \$75,000,000, and \$50,000,000 in 1953.

⁸ Consists of \$9,000,000 borrowing authorization for rural telephone loans, and \$16,236,718 borrowed under the additional contingency authorization of \$25,000,000 provided in 1952 act.

⁹ Consists of \$32,500,000 borrowing authorization for rural telephone loans, and the additional authorization of \$10,000,000 contingent upon certification of need by the Secretary of Agriculture.

¹⁰ In addition, carry-over balances of prior year loan authorizations for farm housing loans were available.

¹¹ These note cancellations and appropriations were provided to reimburse the Commodity Credit Corporation for costs financed from the Corporation's funds pursuant to authorizations by Congress.

TABLE 3.—*Appropriations, reappraisals, and FHA and REA loan authorizations, in millions of dollars, fiscal years 1944-53*

[Figures in brackets [] not included in totals. Includes all supplemental appropriations. Where necessary, figures for years 1944 to 1952 are adjusted for comparability with the appropriation structure in 1953]

Item	1944	1945	1946	1947	1948	1949	1950	1951 ¹	1952	1953 ²
Annual appropriations for regular activities:										
Agricultural Marketing Act (RMA—Title II)										
Crop and livestock research, and disease, insect, and pest control (exclusive of Agricultural Marketing Act (RMA—Title II))	28.9	33.6	34.2	39.3	43.5	49.3	51.5	48.6	58.8	48.7
Payments to States for experiment stations and extension service	21.2	21.2	25.9	29.9	32.5	36.6	39.5	39.5	39.6	39.6
Control of forest pests	2.2	2.4	3.3	6.5	4.7	4.6	7.4	5.1	6.0	6.6
Forestry	33.5	34.6	41.9	58.9	60.6	58.3	60.5	64.6	69.0	68.4
Flood prevention				2.1	3.0	6.0	9.5	6.1	6.6	7.7
Soil Conservation Service programs	24.6	30.3	36.4	46.8	40.8	49.5	54.5	55.3	57.3	60.7
Agricultural conservation and adjustment payment programs (includes conservation and use, sugar act, parity payments, etc.)	634.3	355.2	404.3	367.9	283.1	231.9	347.2	343.3	340.0	336.7
National school lunch program ³	[50.0]	[57.5]	[57.5]	81.0	70.0	75.0	83.5	83.5	83.4	83.4
Marketing services (exclusive of Agricultural Marketing Act (RMA—Title II))										
War Food Administration, salaries and expenses	6.5	6.8	6.9	10.0	9.4	10.0	10.4	10.8	11.5	11.5
Farm labor program	26.2	28.7	11.9							
Federal Crop Insurance Corporation, operating and administrative expenses	30.0	20.0	25.0	17.0						
Rural Electrification Administration (exclusive of loans)	3.5	3.4	8.3	7.3	5.0	4.5	5.1	7.1	7.9	8.5
Farmers Home Administration (exclusive of loans)	2.6	3.3	4.7	5.6	5.1	6.0	6.0	8.3	8.3	8.3
Farm Credit Administration, salaries and expenses	38.3	35.2	33.6	36.3	22.5	23.7	26.8	28.6	29.4	29.3
Flood relief and rehabilitation program	3.6	3.3	2.9	3.2	3.0	2.7	2.7	2.8	2.6	2.8
Other items	32.4	29.0	27.9	15.5	22.2	24.0	26.8	27.0	27.9	28.3
Total, annual appropriations for regular activities	888.0	606.8	667.2	727.3	607.5	586.9	738.6	736.5	821.7	735.9
Special activities:										
Research on strategic and critical agricultural materials					0.3	0.4	0.4	0.4	0.6	0.6
Salaries and expenses, defense production activities									1.5	2.0
Total, special activities					0.3	0.4	0.4	0.4	2.1	2.6
Permanent appropriations:										
Removal of surplus agricultural commodities (30 percent of customs receipts)	97.1	119.3	114.3	116.2	184.0	457.9	125.6	111.2	188.9	181.0
All other permanent appropriations	8.6	10.8	10.7	10.0	11.7	13.7	16.2	17.8	27.0	32.7
Total, permanent appropriations	105.7	130.1	125.0	126.1	95.7	71.7	141.8	129.0	185.8	213.7
Loan authorizations:										
Rural Electrification Administration	20.0	25.0	300.0	250.0	400.0	400.0	495.0	297.0	125.2	92.5
Farmers Home Administration	142.5	120.4	158.9	143.7	82.3	91.5	129.4	147.5	153.0	164.0
Total, loan authorizations	162.5	145.4	458.9	393.7	482.3	491.5	624.4	444.5	278.2	256.5

Corporate administrative expense limitations-----	13.6	15.4	15.4	16.4	13.5	15.5	19.6	23.2	20.6	20.6
Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes: ¹										
For restoration of capital impairment, Commodity Credit Corporation:										
Cancellation of notes-----				1,563.3				66.7	421.5	109.4
Appropriations-----		256.8								
For eradication of foot-and-mouth and other contagious diseases of animals and poultry:										
Cancellation of notes-----										
Appropriations-----				10.8	30.5	34.0			32.7	11.2
To cover difference between cost of wheat purchased at domestic market price and receipts from sales at maximum price prescribed by the International Wheat Agreement:										
Cancellation of notes-----										
Appropriations-----										182.2
Total, Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes-----		256.8		1,574.1	30.5	34.0		66.7	531.0	302.8
Appropriations to Secretary of the Treasury relating to corporate financing:										
Federal Crop Insurance Corporation, subscriptions to capital stock-----		30.0		20.0	10.0					
Farm Credit Administration, payments to Federal Land Banks and to Federal Farm Mortgage Corporation for reduction in interest rate on mortgages-----	29.2									
Total, appropriations to Secretary of the Treasury relating to corporate financing-----	29.2	30.0		20.0	10.0					

NOTE.—Details may not add to totals shown due to rounding.

¹ Figures for 1951 reflect reductions totaling \$152,396,478 which were made under sec. 1214 of the General Appropriation Act, 1951, which required the Director of the Bureau of the Budget to reduce appropriations and authorizations in the act by not less than \$550,000,000.

² Figures for 1953 reflect reductions totaling \$80,027 made under secs. 411 and 412 of the 1953 Agricultural Appropriation Act.

³ Prior to the enactment of the National School Lunch Act in June 1946, school lunch activities were carried on under the permanent appropriation "Removal of surplus agricultural commodities."

⁴ Exclusive of funds transferred to "National school lunch program."

⁵ These note cancellations and appropriations were provided to reimburse the Commodity Credit Corporation for costs financed from the Corporation's funds pursuant to authorizations by Congress.

TABLE 4.—*Estimated obligations for research under appropriations to the Department of Agriculture, fiscal years 1944-53*¹

[Amounts in thousands of dollars]

Item	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953 ²
Administrative and overall direction of research activities, and supervision of maintenance and operation of Agricultural Research Center (Office of Administrator, A.R.A.)	287	305	319	498	600	575	763	583	578	581
Research to develop basic information for establishment and maintenance of a permanent, efficient and more nearly self-sustaining agricultural industry in Alaska (research on agricultural problems of Alaska)					97	421	661	280	267	270
Research on agricultural materials or substitutes determined by the Munitions Board to be strategic and critical as required by the Strategic and Critical Materials Stock Piling Act					324	351	335	391	551	600
Administration of grants to States and coordination of research work by State and Territorial experiment stations, and operation of experiment station in Puerto Rico (Office of Experiment Stations)	305	302	330	414	429	519	557	536	530	600
Investigations in human nutrition and the relative utility and economy of agricultural products for food, clothing, and other uses in the home, and of economic problems affecting rural family living (Bureau of Human Nutrition and Home Economics)	614	749	960	1,115	1,205	1,601	1,762	1,471	1,435	1,399
Breeding, feeding, and management investigations to develop improved livestock and livestock products, and research to develop methods to control and eradicate animal diseases and parasites (Bureau of Animal Industry)	2,040	2,096	2,115	2,510	2,966	3,630	3,756	3,595	3,602	3,647
Establishment of a laboratory and related facilities for investigation of foot-and-mouth and other animal diseases (Bureau of Animal Industry)							37	7		912
Breeding, feeding, and management investigations to increase the milk and butterfat-producing efficiency of dairy cows, and investigations to improve methods and increase efficiency in the manufacture of milk products (Bureau of Dairy Industry)	858	878	908	1,175	1,299	1,462	1,596	1,554	1,539	1,553
Investigations in the fields of chemistry, physics, and other physical sciences relating to agricultural products and to the development of new and wider industrial and food uses for agricultural products (Bureau of Agricultural and Industrial Chemistry)	4,694	4,707	4,956	5,523	7,296	7,659	8,219	7,667	7,536	7,500
Investigations of plant production and improvement, soils management, fertilizers, cropping methods, and engineering problems concerned with production, transportation, harvesting, and storing of crops, and design and construction of farm buildings (Bureau of Plant Industry, Soils, and Agricultural Engineering)	7,113	6,931	6,976	8,301	9,306	10,595	10,579	10,287	11,080	11,295
Investigations of insects and methods of eradication and control of harmful ones and increase and spread of beneficial ones, including development of insecticides and fungicides (Bureau of Entomology and Plant Quarantine)	2,239	2,325	2,415	2,950	3,189	3,712	4,025	4,008	3,807	3,946
Total, Agricultural Research Administration (exclusive of "Payments to States and Territories," shown below)	18,150	18,293	18,979	22,486	26,711	30,525	32,290	30,379	30,925	32,303

Research on the distribution and marketing of agricultural products, title

Research on farm management, utilization of farm products, farm population, labor, finance, insurance, taxation, production adjustments, costs, prices, and income in their relation to agriculture (Bureau of Agricultural Economics)	2, 429	2, 400	2, 484	2, 374	1, 145	3, 019	3, 935	3, 489	2, 882	3, 102
Investigations in forest resources, growth, protection, and harvesting of timber; management of forest, range, and watershed lands; and research in methods of efficient and economical utilization of forest products (Forest Service)	2, 271	2, 415	3, 237	5, 360	4, 836	5, 326	5, 305	5, 159	5, 396	5, 400
Investigations into the character, cause, extent, and effect of soil erosion and water depletion, and development of methods of conservation (Soil Conservation Service)	476	467	464	509	463	680	551	539	574	576
Development of grade standards for agricultural commodities and research in marketing methods (Marketing Services)	266	250	228	415	431	493	572	596	659	665
Research relating to problems of organization, management, and operation of farmers' purchasing, marketing, and farm business services cooperatives; research on economic and agricultural credit problems of Farm Credit Administration institutions (Farm Credit Administration)	173	175	187	227	224	316	316	340	275	279
Investigation of the effect on U. S. agriculture of foreign agricultural production and consumption and research on foreign financial trade policies and practices (Foreign Agricultural Service)	(³) 170	(³) 182	(³) 176	(³) 196	(³) 211	251 211	265 217	271 217	272 203	280 201
Specialized bibliographical and other library services to research (Library)										
Total, all items above	23, 935	24, 182	25, 755	31, 557	36, 326	43, 407	46, 065	43, 456	43, 445	45, 176
Payments to States and Territories for experiment station research under Hatch, Adams, Purnell, and Bankhead-Jones Acts and sec. 9, Research and Marketing Act of 1946	7, 001	7, 001	7, 206	7, 206	9, 627	10, 554	12, 256	12, 265	12, 278	12, 291
Grand total	30, 936	31, 183	32, 961	38, 773	45, 953	53, 961	58, 321	55, 721	55, 723	57, 467

¹ Amounts adjusted for comparability with appropriation structure in 1953, necessitating approximations in making certain past-year adjustments.

² Data for the years 1944-48 not available on a comparable basis with data for 1949 and subsequent years.

³ Preliminary.

TABLE 5.—*Expenditures, fiscal years 1951, 1952, and 1953*¹

Item	1951	1952	1953
<i>Annual appropriations for regular activities</i>			
Agricultural Marketing Act (RMA—Title II).....	\$5,709,311	\$5,195,144	\$5,197,720
Bureau of Agricultural Economics.....	5,237,834	5,361,028	5,287,031
Agricultural Research Administration:			
Office of Administrator.....	639,315	699,858	575,107
Research on agricultural problems of Alaska.....	634,204	337,534	269,670
Office of Experiment Stations:			
Payments to States for agricultural experiment stations.....	12,382,090	12,423,560	12,404,190
Salaries and expenses.....	404,337	384,556	378,814
Virgin Islands agricultural program.....			84,734
Bureau of Human Nutrition and Home Economics.....	1,459,728	1,432,389	1,393,259
Bureau of Animal Industry (excluding "Meat Inspection," and control of vesicular exanthema and scrapie disease).....	11,145,819	11,877,520	12,636,313
Meat inspection.....	12,747,838	13,698,445	13,769,744
Control program on vesicular exanthema and scrapie disease.....			1,128,534
Bureau of Dairy Industry.....	1,582,755	1,565,447	1,580,413
Bureau of Agricultural and Industrial Chemistry.....	7,344,411	7,456,884	7,287,580
Bureau of Plant Industry, Soils, and Agricultural Engineering.....	10,474,629	10,964,128	11,422,118
Bureau of Entomology and Plant Quarantine (other than "Control of emergency outbreaks").....	11,683,390	11,426,372	11,816,250
Control of emergency outbreaks of insects and plant diseases.....	733,731	473,455	523,049
Control of forest pests (including white pine blister rust control).....	6,702,740	5,646,557	5,898,787
Forest Service (excluding forest roads and trails).....	50,678,236	54,870,597	51,527,985
Forest roads and trails.....	10,347,056	13,562,007	12,482,404
Flood prevention.....	7,492,735	7,829,362	6,308,537
Soil Conservation Service.....	53,661,757	57,739,916	61,480,527
Water conservation and utilization projects (Wheeler-Case Act).....	371,551	369,348	384,594
Conservation and use of agricultural land resources.....	274,242,197	261,200,742	272,734,841
Production and Marketing Administration:			
Agricultural production programs.....	21,229,243	9,997,709	12,769,313
Sugar Act program.....	68,882,595	60,299,434	62,618,479
National school lunch program.....	82,764,934	83,570,499	82,835,014
Marketing services.....	10,854,659	11,203,233	11,663,160
Commodity Exchange Authority.....	615,582	645,401	697,919
Federal Crop Insurance Corporation (salaries and expenses).....	5,537,308	6,020,219	6,531,148
Rural Electrification Administration (salaries and expenses).....	8,119,159	8,268,313	7,941,475
Farmers Home Administration (exclusive of loans).....	27,867,095	29,032,717	28,966,966
Disaster loan revolving fund ²	-1,519,325	12,896,821	15,516,095
Farm Credit Administration:			
Salaries and expenses.....	2,808,582	2,844,610	2,667,938
Net expenditures in revolving funds for financing institutions of the Farm Credit System ³	-2,998,199	1,584,812	-4,280,510
Extension Service:			
Payments to States for cooperative agricultural extension work (excluding permanent appropriation).....	26,663,431	27,033,498	27,005,566
Salaries and expenses.....	857,032	897,088	875,969
Office of the Secretary.....	2,104,126	2,154,615	2,189,910
Office of the Solicitor.....	2,416,728	2,280,156	2,291,373
Foreign Agricultural Service.....	571,562	625,330	570,858
Office of Information.....	1,638,477	867,578	1,191,423
Library.....	700,603	672,266	693,670
Other items.....	1,568,115	659,148	4-2,530,141
Total, annual appropriations for regular activities.....	746,357,371	746,068,296	756,787,826
<i>Special activities</i>			
Research on strategic and critical agricultural materials.....	340,327	502,315	602,629
Salaries and expenses, defense production activities.....		731,017	2,460,624
Total, special activities.....	340,327	1,233,332	3,063,253
<i>Permanent appropriations</i>			
General fund appropriations:			
Payments to school funds, Arizona and New Mexico.....	71,930	107,294	131,588
Removal of surplus agricultural commodities (30 percent of customs receipts).....	45,998,554	37,526,698	82,284,700
Payments to States for cooperative agricultural extension work.....	4,702,848	4,709,275	4,709,940
Appropriations from special sources:			
Expenses, brush disposal.....		347,815	1,767,892
Payments to States and roads and trails for States, national forests fund.....	11,041,415	17,424,186	24,731,067
Payments due counties, submarginal land program, Farm Tenant Act.....	4,913	579,401	448,052
Perishable Agricultural Commodities Act fund.....	308,573	390,440	399,032
Total, permanent appropriations.....	62,128,233	61,085,109	114,472,271

See footnotes at end of table.

TABLE 5.—Expenditures, fiscal years 1951, 1952, and 1953 ¹—Continued

Item	1951	1952	1953
<i>Loan authorizations</i>			
Rural Electrification Administration, rural electrification and rural telephone loans.....	\$268, 286, 525	\$235, 215, 379	\$231, 498, 740
Farmers Home Administration, production and subsistence, farm ownership, water facilities, and farm housing loans.....	153, 660, 316	160, 178, 033	166, 437, 089
Total, loan authorizations.....	421, 946, 841	395, 393, 412	397, 935, 829
<i>Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes</i>			
For restoration of capital impairment, Commodity Credit Corporation:			
Cancellation of notes.....	66, 698, 457	421, 462, 507	
Expenditures of appropriations.....			⁶ 109, 391, 154
For eradication of foot-and-mouth and other contagious diseases of animals and poultry: ⁷			
Cancellation of notes.....		32, 700, 000	11, 240, 532
To cover difference between cost of wheat purchased at domestic market price and receipts from sales at maximum price prescribed by the International Wheat Agreement:			
Cancellation of notes.....			182, 162, 250
Expenditures of appropriations.....		76, 808, 000	
Total, Treasury cancellation of Commodity Credit Corporation notes, and appropriations for these purposes.....	66, 698, 457	530, 970, 507	302, 793, 936
<i>Trust funds</i>			
Bureau of Animal Industry:			
Expenses, feed and attendants for animals in quarantine.....	104	5, 743	19, 939
Inspection of animal foods.....	95, 972	114, 533	91, 720
Farmers Home Administration:			
Operation and maintenance of resettlement and rural rehabilitation projects.....	588, 124		
State rural rehabilitation funds.....	⁴ -9, 973, 028	6, 936, 990	5, 303, 891
Forest Service:			
Cooperative work.....	5, 968, 332	7, 022, 589	7, 098, 639
Other.....	758	283	12, 082
Production and Marketing Administration:			
Expenses and refunds, inspection and grading of farm products.....	7, 183, 847	10, 281, 720	11, 397, 197
Grading of agricultural commodities for CCC.....	79, 984		
Soil Conservation Service:			
Technical services and other assistance, agricultural conservation program.....	176, 369	640, 738	3, 017, 454
Other.....	25, 263	⁴ -10, 657	108, 029
Other, including miscellaneous funds advanced to the Department under cooperative agreements.....	512, 978	653, 249	1, 070, 686
Total, trust funds.....	4, 658, 703	25, 645, 188	28, 119, 637

¹ Reflects expenditures on check-issued basis, with deductions made for credits arising from repayments and refunds to the various funds. Amounts cover all payments made during each of the years indicated, including some payments of obligations incurred in prior years. Excludes expenditures of corporate funds made by the corporations of the Department in carrying out their respective operations (financial statements for these corporations are included in tables 10, 11, and 12). The amounts shown have been adjusted where necessary for comparability with the appropriation structure of the Department in the fiscal year 1953.

² Amount shown for 1951 resulted from gross expenditures of \$21,481,721 and collections of \$23,001,046. In 1952, gross expenditures were \$33,904,273 and collections were \$21,007,452. In 1953, gross expenditures were \$46,098,546 and collections were \$30,582,451.

³ This item reflects the results of operations of the agricultural marketing revolving fund, Farm Credit Administration revolving fund, and Federal Intermediate Credit Banks revolving fund. Minus signs indicate that receipts were in excess of expenditures.

⁴ Minus figures represent the excess of credits over expenditures.

⁵ Annual distribution for 1951 is reflected in 1952 amount since payments were not accomplished until early in fiscal year 1952.

⁶ Represents a "nonfund" appropriation provided in the 1953 Agricultural Appropriation Act. This amount is not reflected as an expenditure in official Government reports. It is shown here for informational purposes.

⁷ Program for eradication of foot-and-mouth disease financed by advances from the Commodity Credit Corporation pursuant to annual legislative authority to the Secretary to transfer the amounts required from any funds available to the Department. This item reflects reimbursement to CCC for funds so advanced. Net program expenditures (taking into account credits for sale of canned meat and charges for interest on advances from CCC) were \$1,664,976 in 1951; \$7,208,544 in 1952; and \$2,607,891 in 1953.

TABLE 6.—Receipts to U. S. Treasury arising from Department of Agriculture activities, fiscal years 1951, 1952, and 1953¹

Classification and source	Fiscal year 1951				Fiscal year 1952				Fiscal year 1953			
	General ²	Special ³	Trust ⁴	Total	General ²	Special ³	Trust ⁴	Total	General ²	Special ³	Trust ⁴	Total
Collections on loans and recoveries of other assets: Collections of principal and interest on: Farmers Home Administration loans..... Rural Electrification Administration loans..... Sale of lands and buildings..... Proceeds from assets liquidated pursuant to Farmers Home Administration Act of 1946..... Total.....	\$125, 073, 596 51, 229, 218 85, 034 851, 405 177, 239, 253	----- ----- 85, 034 ----- -----	----- ----- ----- ----- -----	\$125, 073, 596 51, 229, 218 85, 034 851, 405 177, 239, 253	\$135, 315, 769 65, 425, 798 991, 200 276, 727 202, 009, 584	----- ----- ----- ----- -----	----- ----- ----- ----- -----	\$135, 315, 769 65, 425, 798 991, 200 276, 727 202, 009, 584	\$128, 429, 902 69, 542, 201 478, 025 323, 066 198, 773, 194	----- ----- ----- ----- -----	----- ----- ----- ----- -----	\$128, 429, 902 69, 542, 201 478, 025 323, 066 198, 773, 194
Receipts from rentals and operations, and miscellaneous reimbursements and collections: Business on the national forests—primarily timber sales and grazing fees..... Deposits by timber purchasers for brush disposal..... Receipts from Tongass National Forest held pending determination of land ownership..... Receipts from Oregon and California controverted lands, held pending determination of land ownership..... Use of lands held under title III of the Bankhead-Jones Farm Tenant Act..... Fees and reimbursements for inspection and grading of farm products; and rent of Government-owned food processing plants and other facilities..... Sales of agricultural products not required in connection with the work of the Department; and reimbursements for professional and scientific services rendered.....	35, 699, 092 ----- ----- ----- ----- 878, 969 1, 325, 914 1, 198, 062	\$20, 418, 250 387, 763 ----- 149, 803 1, 266, 898 ----- -----	----- ----- ----- ----- ----- ----- -----	56, 147, 342 387, 763 ----- 149, 803 1, 266, 898 1, 171, 959 1, 798, 661 1, 198, 062	44, 921, 828 ----- ----- ----- ----- 1, 134, 289 1, 091, 920 1, 742, 011	\$24, 798, 370 1, 772, 732 ----- 233, 338 1, 448, 975 \$ 378, 096 -----	----- ----- ----- ----- ----- ----- -----	69, 720, 198 1, 772, 732 ----- 233, 338 1, 448, 975 1, 512, 385 1, 496, 164 1, 742, 011	48, 045, 370 ----- ----- ----- ----- 1, 335, 499 1, 774, 432 1, 318, 838	\$26, 687, 098 2, 497, 511 ----- 207, 269 1, 524, 009 \$ 445, 166 428, 839 -----	----- ----- ----- ----- ----- ----- -----	74, 732, 468 2, 497, 511 ----- 207, 269 1, 524, 009 1, 780, 665 2, 203, 271 1, 318, 838

Fines and penalties under commodity marketing quotas, and other violations.	2,362,549	3,016,554	---	---	5,174,996	---	---	5,174,996
Miscellaneous services, gifts, forfeitures, sales and reimbursements.	1,389,134	1,389,134	1,874,276	---	1,883,693	8,786	---	1,692,478
Assessments for examinations and supervisory services rendered agencies of the farm credit system.	2,228,687	2,228,687	---	2,400,047	---	---	2,242,577	2,242,577
Total.	42,853,720	25,247,138	53,780,578	31,435,802	59,332,828	34,041,254	---	93,374,082
Trust fund receipts:								
Contributions from private cooperators for various activities on national and private forest lands.	---	---	---	---	---	---	---	---
Fees received for inspection and grading of farm products upon application of interested parties.	---	---	---	---	---	---	---	---
Receipts for miscellaneous special services, contributions, collections, etc.	---	---	---	---	---	---	---	---
Total.	---	16,453,553	16,453,553	---	---	---	---	---
Other receipts:								
Interest paid to Treasury on CCC borrowings.	35,210,048	35,210,048	31,494,457	---	---	---	---	---
Interest paid to Treasury on CCC capital stock.	1,875,000	1,875,000	1,875,000	---	---	---	---	---
Dividends paid to Treasury on Federal Farm Mortgage Corporation capital stock.	14,000,000	14,000,000	14,000,000	---	---	---	---	---
Federal Intermediate Credit Bank franchise tax paid to Treasury.	393,660	393,660	299,525	---	---	---	---	---
Total.	51,478,708	51,478,708	47,668,982	---	---	---	---	---
Grand total.	271,571,681	25,247,138	313,272,372	31,435,802	20,548,944	355,444,190	34,041,254	26,063,244

¹ Amounts for 1951 and 1952 have been adjusted where necessary to conform with the receipts classifications used in fiscal year 1953.

² Revenue and nonrevenue receipts available to the Treasury for general expenditures of the Government.

³ Revenue and nonrevenue receipts deposited in the Treasury for specific purposes, pursuant to various legislative authorizations.

⁴ Receipts deposited in trust in the Treasury for expenditure by the Department, as trustee, for specified purposes.

⁵ Represents the portion of the total receipts from national forests available for (1) 25 percent fund for payments to States for benefit of roads and schools, (2) 10 percent fund for construction and maintenance of roads and trails in States from which proceeds are derived, and (3) appropriations from forest receipts for acquisition of lands, cooperative range improvements, and special payments to Minnesota counties in which Superior National Forest lands are located.

⁶ For payment to counties in which such lands are located.

TABLE 7.—*Transfers to Department of Agriculture from appropriations to other departments; and advance working funds for services performed for other agencies—funds available, and obligations, fiscal year 1953*

Item	Funds available ¹	Obligations
Transfers:		
Mutual security and other foreign-aid programs.....	² \$13,505,063	² \$7,791,184
Revolving fund authorization, Defense Production Act.....	³ 9,789,745	³ 2,813,871
Forest highways.....	109,688	104,018
Total, transfers.....	23,404,496	10,709,073
Working funds advanced to:		
Agricultural Research Administration.....	3,451,060	2,158,812
Foreign Agricultural Service.....	5,976,673	5,789,990
Forest Service.....	2,888,676	2,250,609
Production and Marketing Administration.....	8,672,651	8,613,768
Other agencies.....	566,460	542,958
Total, working funds.....	21,555,520	19,356,137
Total.....	44,960,016	30,065,210

¹ Consists of current-year transfers and advances, and balances remaining available from prior years.

² Excludes \$44,262,840 (of the total of \$57,767,903 of foreign-aid funds) which was obligated for procurement of agricultural commodities by the Commodity Credit Corporation and which is included in the financial statements of the Corporation reflected in tables 10, 11, and 12.

³ Excludes \$2,719,762 which was used by the Commodity Credit Corporation and which is included in the financial statements of the Corporation reflected in tables 10, 11, and 12.

TABLE 8.—Trust funds—funds available, and obligations, fiscal years 1951, 1952, and 1953

Item	Fiscal year 1951		Fiscal year 1952		Fiscal year 1953	
	Funds available ¹	Obligations	Funds available ¹	Obligations	Funds available ¹	Obligations
Animal Industry, Bureau of: Inspection of animal foods.....	\$99,134	\$94,353	\$114,035	\$105,056	\$103,408	\$94,510
Farmers Home Administration: State Rural Rehabilitation Corporation funds.....	20,643,166	4,692,849	27,239,294	18,455,246	18,959,473	15,752,211
Forest Service: Cooperative work.....	16,036,501	5,903,029	17,447,613	7,152,329	18,645,832	7,160,667
Production and Marketing Administration:						
Expenses and refunds, inspection and grading of farm products.....	7,764,854	4,755,909	14,247,126	10,415,185	14,117,901	11,460,092
Grading of agricultural commodities for CCC.....	246,079	17,373				
Soil Conservation Service:						
Technical services and other assistance, agricultural conservation program.....	258,296	170,542	1,847,805	753,505	5,805,741	3,118,972
Payments in lieu of taxes, and operation and maintenance costs, water conservation and utilization projects.....	180,130	42,326	179,739	32,161	164,845	106,448
Operation and maintenance, water distribution systems, water conservation and utilization projects.....	23,095	9,580	23,224	8,471	18,718	18,718
Other, including miscellaneous funds advanced to the Department under cooperative agreements.....	1,077,576	798,729	1,268,830	970,808	1,515,032	1,263,556
Total.....	46,328,831	16,490,690	62,337,666	37,892,761	59,330,950	38,975,174

¹ Reflects the total available for obligation in trust fund appropriation accounts, including unused balances brought forward from past years.

TABLE 9.—Noncorporate lending agencies—Statements of sources of funds and their application, fiscal year 1953 and comparison in total with fiscal years 1951 and 1952¹

Item	Fiscal year 1953						
	Combined total fiscal year 1951	Combined total fiscal year 1952	Combined total	Farmers Home Administration	Disaster loans revolving fund (FHA)	Rural Electrification Administration	Agricultural Marketing Act revolving fund (FCA)
FUNDS PROVIDED							
By realization on assets:							
Repayments of loans.....	\$165,435,698	\$187,182,250	\$186,422,725	\$106,770,252	\$30,019,007	\$48,903,926	\$729,540
Disposal of other assets principally security or collateral acquired on defaulted loans.....	1,168,917	691,431	1,059,107	505,872	17,907	-----	535,328
Total.....	166,604,615	187,873,681	187,481,832	107,276,124	30,036,914	48,903,926	1,264,868
By income.....	56,980,271	97,966,381	65,059,975	25,374,140	1,252,849	38,409,299	23,687
By borrowings and appropriations:							
Borrowings from U. S. Treasury.....	438,500,000	393,000,000	399,000,000	164,000,000	-----	235,000,000	-----
Appropriations from U. S. Treasury (net).....	36,106,141	65,088,400	37,023,957	28,798,460	-----	8,225,497	-----
Total.....	474,606,141	458,088,400	436,023,957	192,798,460	-----	243,225,497	-----
By net decrease in working capital and deferred items.....	37,944,128	-----	25,623,610	10,758,365	14,865,245	-----	-----
Total funds provided.....	736,136,155	743,898,462	714,189,374	336,207,089	46,155,008	330,538,722	1,288,555

FUNDS APPLIED									
To acquisition of assets:									
Loans made.....		442,763,356	427,856,659	441,338,291	165,340,031	44,124,520	231,498,740	375,000	
Acquisition of security or collateral on defaulted loans.....		53,641	606,550	387,294	365,732	12,454	-----	9,108	
Total.....		442,816,997	428,463,209	441,725,585	165,705,763	44,136,974	231,498,740	384,108	
To expenses.....		63,815,900	84,821,263	89,146,090	43,256,437	2,018,034	43,871,619	-----	
To repayment of borrowings and deposit of collections in U. S. Treasury:									
Collections of principal and interest on loans and other assets:									
Used to repay borrowings from U. S. Treasury.....		200,047,308	167,855,976	159,178,219	125,573,909	-----	33,604,310	-----	
Deposited as miscellaneous receipts in U. S. Treasury.....		5,067,836	2,673,143	1,673,244	1,670,980	-----	2,264	-----	
Total.....		205,115,144	170,529,119	160,851,463	127,244,889	-----	33,606,574	-----	
To net increase in working capital and deferred items.....		24,387,114	60,084,871	22,466,236	-----	-----	21,561,789	904,447	
Total funds applied.....		736,135,155	743,898,462	714,189,374	336,207,089	46,155,008	330,538,722	1,288,555	

¹ Prepared from reports submitted pursuant to Budget-Treasury Regulation No. 3. Revised, issued under Executive Order No. 8512, as amended. Reflects certain adjustment for purposes of uniformity.

TABLE 10.—Corporations—statements of sources of funds and their application, fiscal year 1953, and comparison in total with fiscal years 1951 and 1952¹

Item	Fiscal year 1953									
	Combined total fiscal year 1951	Combined total fiscal year 1952	Combined total	Commodity Credit Corporation	Federal Crop Insurance Corporation	Farm Credit Administration				
						Banks for cooperatives	Federal intermediate credit banks	Federal land banks	Federal Farm Mortgage Corporation	Production credit corporations
FUNDS PROVIDED										
By realization of assets:										
Repayments of loans	\$3,318,741,825	\$3,358,789,830	\$3,222,687,626	\$520,857,130		\$528,690,552	\$1,979,231,810	\$186,164,231	\$7,743,903	
Sales of commodities	1,938,065,608	898,298,969	526,238,036	526,238,036		4,991,368	187,327,960	45,691,052		\$5,097,156
Sales of securities	108,834,432	195,234,310	243,107,536							
Retirement of class A stock of production credit associations	5,499,350	5,006,700	3,218,300							3,218,300
Disposal of fixed assets and administrative equipment	3,810	12,087	51,148	29,019				22,129		
Sale of security or collateral acquired on defaulted loans	2,336,406	4,437,068	8,037,037			4,423,930	9	2,397,732	1,215,366	
Total	5,373,481,431	4,461,778,964	4,003,339,683	1,047,124,185		538,105,850	2,166,559,779	234,275,144	8,959,269	8,315,456
By income?	104,471,846	119,823,390	136,959,601	29,032,924	\$21,423,056	13,660,533	23,075,679	47,322,133	1,264,136	1,181,140
By borrowings, capital and surplus subscriptions, appropriations, etc.:										
Borrowings:										
From U. S. Treasury	724,000,000	610,000,000	2,216,000,000	2,216,000,000						
From other Government agencies	90,800,903	70,760,342	58,435,940			58,435,940				
From the public	1,251,085,271	1,830,437,326	1,535,906,946	1,534,476		161,097,500	1,098,520,000	274,751,970		
Capital and surplus subscriptions:										
By U. S. Treasury	1,150,000	4,675,000	1,650,000				1,650,000			
By others	12,808,352	14,106,060	15,204,973			10,415,200		94,789,773		
Appropriations from U. S. Treasury	7,204,000	7,949,911	8,500,000							
Restoration of capital impairment:										
By appropriation				109,391,154						
By cancellation of notes	66,698,457	421,462,507								
Total	2,153,746,983	2,959,391,146	3,945,089,013	2,326,925,630	8,500,000	229,948,640	1,100,170,000	279,544,743		
By net decrease in working capital and deferred items	7,189,682	8,929,581	391,615,469	389,449,836	290,682	1,874,951				
Total funds provided	7,638,889,942	7,549,923,081	8,477,003,706	3,792,532,575	30,213,738	783,589,974	3,289,805,458	561,142,020	10,223,405	9,496,596

FUNDS APPLIED

To acquisition of assets:	3,452,323,126	3,847,848,252	4,854,610,342	2,164,029,929	510,496,523	1,906,139,248	273,342,217	72,425	---
Loans made.....	---	---	---	---	---	---	---	---	---
Purchase of commodities and related costs.....	682,703,045	345,218,779	977,903,660	977,903,660	---	---	---	---	7,465,300
Purchase of securities.....	104,872,433	209,924,828	235,647,213	---	---	---	33,108,097	---	---
Purchase of class A stock of production credit associations.....	90,000	1,075,000	20,000	---	---	---	---	---	20,000
Purchase of fixed assets and administrative equipment.....	26,530,237	1,270,712	1,238,402	---	---	41,557	---	---	29,958
Acquisition of security or collateral on defaulted loans.....	589,216	562,259	579,265	---	---	521,565	43,217	14,483	---
Total.....	4,267,108,057	4,405,899,830	6,009,998,882	3,143,042,161	---	515,969,967	306,493,531	86,908	7,515,258
To expenses: ¹	129,110,492	141,375,524	166,500,956	73,312,410	27,647,393	6,479,403	36,505,269	929,056	1,652,679
To retirement of borrowings and capital and distribution of surpluses:	---	---	---	---	---	---	---	---	---
Retirement of borrowings:	---	---	---	---	---	---	---	---	---
To U. S. Treasury (cash payments):	---	---	---	---	---	---	---	---	---
To U. S. Treasury (by cancellation of notes)	1,295,301,543	740,837,493	380,597,218	380,597,218	---	---	---	---	---
To other Government agencies	66,698,457	454,162,507	193,402,782	193,402,782	---	---	---	---	---
To the public	67,206,017	73,697,578	83,596,704	---	---	---	---	---	---
Repayment of capital and surplus:	984,664,874	1,625,426,544	1,534,880,704	1,578,004	---	---	---	---	---
To U. S. Treasury	17,000,000	17,000,000	11,100,000	---	---	---	---	---	---
To others	8,189,300	8,773,000	10,526,400	---	---	---	---	---	---
Appropriated funds returned to U. S. Treasury.....	648,881	430,265	1,511,458	---	1,511,458	---	---	---	---
Appropriated funds transferred to other accounts:	---	---	---	---	---	---	---	---	---
Revenues deposited as miscellaneous receipts, U. S. Treasury.....	252	844	1,052,200	---	1,052,200	---	---	---	---
Franchise tax payable to U. S. Treasury.....	299,525	285,300	386,707	---	2,687	---	---	---	---
Dividends declared.....	9,541,301	9,498,996	10,071,860	---	---	386,707	10,071,860	---	---
Total.....	2,459,610,150	2,930,082,527	2,233,128,720	575,378,004	2,566,345	261,140,604	214,445,160	9,086,900	275,000
To net increase in working capital and deferred items.....	783,061,243	72,565,200	7,375,208	---	---	---	---	---	53,659
Total funds applied.....	7,638,889,942	7,549,923,081	8,477,003,766	3,792,532,575	30,213,738	783,589,974	561,142,020	10,223,405	9,496,596

¹ Prepared from reports submitted pursuant to Budget-Treasury Regulation No. 3

Revised, issued under Executive Order No. 8512, as amended

² Based on individual items of income and expenses as shown on table II, exclusive of nonfund items such as depreciation, charge-offs of loans receivable, etc., and exclusive of items included as "Funds provided by realization of assets" and "Funds applied to acquisition of assets."³ Represents net subscriptions to capital stock.⁴ Represents dividend payment from earned surplus into the general fund of the U. S. Treasury.⁵ Represents transfer of \$1,052,200 to "Eradication of foot-and-mouth and other contagious diseases of animals and poultry" for vesicular exanthema eradication.

TABLE 11.—Corporations—statements of income and expense, fiscal year 1953, and comparison in total with fiscal years 1951 and 1952 1

Item	Combined total fiscal year 1951	Combined total fiscal year 1952	Combined total	Fiscal year 1953						
				Commodity Credit Corporation	Federal Crop Insurance Corporation	Banks for co-operatives	Federal intermediate credit banks	Federal land banks	Federal Farm Mortgage Corporation	Production credit corporations
Income:										
Sale of commodities owned	\$2,003,776,328	\$938,559,475	\$537,729,936	\$537,729,936						
Interest earned on loans	78,845,486	86,484,081	89,933,574	9,929,444						
Interest earned on securities	5,413,981	5,506,586	5,572,958							
Other interest and dividends earned	2,904,673	5,628,096	6,438,127	6,283,930						
Crop insurance premiums	14,302,958	19,375,565	21,186,982							
Profit on disposition of various assets	1,840,745	3,841,115	3,736,129	8,732						
Recoveries on assets charged off	105,767	398,285	28,734							
Miscellaneous other income	10,106,234	2,461,339	13,921,377	12,814,094	76,097	39,598	1,499	806,151	5,273	93,836
Total income	2,117,302,172	1,062,254,542	678,567,817	566,796,136	21,423,056	13,866,106	23,196,649	49,669,595	2,443,789	1,172,486
Expense:										
Cost of commodities sold	2,287,293,554	1,003,628,187	604,342,830	2 604,342,830						
Interest expense	62,125,791	69,193,496	90,967,429	48,479,957						
Administrative expenses	45,566,594	43,112,224	45,290,743	3 15,908,730	16,915,044	2,041,932	18,005,750	20,030,970	13,280	
Depreciation	221,221	423,364	357,462	266,154		1,282	1,606,003	16,471,755	3 834,731	3 1,422,558
Crop insurance indemnities	12,646,727	21,427,834	20,579,428		20,579,428			90,026		
Loans receivable and other assets charged off	2,281,250	1,920,431	3,719,913	3,437,700	146,225	133,686	2,302			
Loss on disposition of various assets	832,512	661,375	271,860				474	2,606		268,780
Amortization of net premium paid on securities	273,401	37,547								
Miscellaneous other expenses	77,730,577	7,339,069	9,327,235	8,643,836	6,696		362,993	2,514	81,045	230,121
Total expense	2,488,961,627	1,147,763,527	774,766,900	681,079,197	27,647,393	6,614,372	19,977,522	36,597,901	929,056	1,921,459

Net income or loss (—) before provision for estimated losses.....	—371,659,455	—85,508,985	—96,199,083	—114,283,061	—6,224,337	7,251,734	3,219,127	13,071,694	1,514,733	—748,973
Increase (+) or decrease (—) in income arising from changes in reserves for estimated losses.....	+555,510,951	+52,487,884	—501,704,094	—512,421,165	—67,949	+1,587,251	—57,298	+9,285,025	-----	—29,958
Net income or loss (—) for year.....	183,851,496	—33,021,101	—597,903,177	—626,704,226	—6,292,286	8,838,985	3,161,829	22,356,719	1,514,733	—778,931

(—) Indicates negative item.

¹ Prepared from reports submitted pursuant to Budget-Treasury Regulation No. 3, Revised, issued under Executive Order No. 8512, as amended.

² Includes \$2,679,995 as cost of commodities donated pursuant to provisions of sec. 416, Public Law 439, and sec. 3, Public Law 471, 81st Cong.

³ Congressional limitation on expenditures from corporate funds for administrative expenses for 1953: Commodity Credit Corporation, \$16,492,119; Federal intermediate credit banks, \$1,690,000; Federal Farm Mortgage Corporation, \$950,000; and production credit corporations, \$1,165,000.

⁴ Funds for administrative expenses provided by annual appropriation (1953 amount \$8,500,000).

TABLE 12.—Corporations—condensed balance sheets as of June 30, 1953, and comparison in total with June 30, 1951 and June 30, 1952¹

Item	June 30, 1953									
	Combined total June 30, 1951 ²	Combined total June 30, 1952	Combined total	Commodity Credit Corporation	Federal Crop Insur- ance Corp- oration	Farm Credit Administration				Production credit cor- porations
						Banks for coopera- tives	Federal intermedi- ate credit banks	Federal land banks	Federal Mortgage Corpora- tion	
Assets:										
Cash.....	\$109,823,400	\$107,579,847	\$106,465,531	\$11,328,134	\$36,500,903	\$20,196,824	\$18,330,492	\$18,085,366	\$1,430,712	\$593,100
Investments.....	227,765,060	238,392,741	227,581,784	---	---	43,445,945	51,571,632	82,382,399	---	50,181,808
Loans receivable (net).....	2,454,061,036	2,717,754,773	3,406,014,596	1,113,358,463	---	321,598,466	830,218,669	1,119,252,518	21,046,480	---
Accounts and notes receivable (net).....	369,917,418	446,491,253	387,874,759	379,945,152	5,294,831	16,276	252,895	2,199,235	196,827	9,543
Commodities owned (net).....	1,349,873,579	1,022,509,252	1,876,243,076	1,876,243,076	---	---	---	---	---	---
Land, buildings, and equipment (net).....	115,829,450	108,953,351	102,003,935	96,674,008	---	85,782	---	5,244,145	---	---
Other assets (net).....	32,061,480	43,065,985	78,201,489	42,487,636	---	4,329,044	9,017,214	21,653,047	439,848	329,700
Total assets.....	4,659,331,453	4,684,747,202	6,184,475,170	3,520,036,469	41,795,734	389,642,337	909,390,902	1,248,821,710	23,673,867	51,114,151
Liabilities:										
Accounts payable.....	21,010,006	29,160,644	86,559,769	84,339,478	1,046,756	30,434	396,272	655,556	77,827	13,446
Advance payments received in con- nection with sales of commodities.....	21,263,130	30,115,540	8,450,158	8,450,158	---	---	---	---	---	---
Bonds, debentures, and notes payable.....	4,183,794,336	3,860,897,892	5,412,763,360	3,612,000,000	---	118,427,000	788,160,000	893,742,160	434,200	---
Obligation for purchase and guaranty of loans held by private lenders ²	55,315,055	58,399,753	287,967,074	287,967,074	---	---	---	---	---	---
Other liabilities.....	87,125,015	96,165,495	216,535,286	164,814,333	9,272,495	1,361,064	9,894,839	30,620,849	266,174	305,532
Total liabilities.....	4,368,507,542	4,014,739,314	6,012,275,647	4,157,571,043	10,319,251	119,818,498	798,451,111	925,018,565	778,201	318,978
Excess of assets over liabilities.....	290,823,911	670,007,888	172,199,523	-637,534,574	31,476,483	269,823,839	110,939,791	323,803,145	22,895,666	50,795,173

PART III

OFFICE OF BUDGET AND FINANCE

RESPONSIBILITIES IN DEPARTMENTAL ADMINISTRATION

THE OFFICE is concerned in many ways with the administration of the Department, principally through its responsibilities in formulating and promulgating Department policies with respect to budgetary, fiscal, and procurement activities. The Office represents the Department in relations with the Congress, Bureau of the Budget, General Accounting Office, Treasury Department, General Services Administration, and other agencies on program and administrative matters relating to these activities. Within the Department, it maintains close relationships with agency officials, in order to facilitate the planning, administration, and handling of the budgetary, fiscal, and property management aspects of program formulation and execution.

The Office of Budget and Finance is also interested in underlying methods, procedures, and techniques. It emphasizes the necessity for constant efforts to find ways and means to achieve results with a maximum of efficiency and economy and encourages the development and installation of new ideas whenever an improvement can be demonstrated. To this end the Office conducts, on a continuing basis, reviews, surveys, and studies of agency accounting systems, audit programs, budgetary procedures, contracting and purchasing activities, property management and utilization practices, and other phases of the fiscal management of agency funds including the methods employed in budgetary and financial reporting. The results of some of this work with the agencies are described in subsequent comments.

In addition to its staff work on

the improvement of procedures, the Office also performs certain other duties essential to Departmental administration. It directs the preparation of justifications, technical statements, schedules and related data in explanation of the Department's budget estimates, and arranges for and manages the presentation of the estimates to the Bureau of the Budget and the Congress. The Office makes recommendations to the Secretary and to the Bureau of the Budget with respect to the allotment and apportionment of funds that are appropriated to the Department, and exercises general oversight of administrative controls of obligations under apportionments.

A legislative reporting service is maintained which provides information on both pending and enacted legislation of interest to the Department, and which serves as a coordinating point for recommendations on pending or proposed legislation. The Office provides central accounting control of certain Departmental funds, and performs other fiscal activities requiring handling or clearance at the Department level, including the internal accounting work for the Office of the Secretary and for two small agencies which do not have accounting offices. In purchase and sale activities, the Office makes awards of contracts which are of a Departmentwide character, or which involve amounts or other considerations that exceed the delegated contracting authorities of the agencies. It also serves as consultant on supply matters generally and provides assistance where needed for an effective administration of procurement and property transactions.

DEVELOPMENTS IN BUDGET ADMINISTRATION

In January 1953, the Secretary effected an administrative grouping of Department agencies and programs. This action placed the agencies under four group heads at the Departmental level. One of the results of this arrangement was to make it possible for key policy officials on the Secretary's immediate staff to participate more fully and directly in the budgetary process. Following are several examples of activities and procedural modifications illustrative of the working relationships with the group heads:

1. The Secretary designated the group directors and the Department Budget Officer as a committee to conduct an intensive program and budget review in February 1953, for the purpose of reappraising the original 1954 budget in an effort to effect economies wherever possible. A similar committee was established for the development of the 1955 Department estimates, thus facilitating full consideration and application of the Administration's policies throughout the budget-planning process.

2. The group directors were authorized to approve financial project descriptions, which formerly were

approved by the Secretary. These financial projects are the first breakdown in the Department's Uniform Project System, the means whereby broad objectives financed by each appropriation item are subdivided into successively narrower "financial," "work," and "line" projects. Each project is documented in summary form and the Office of Budget and Finance maintains a Departmentwide file of financial and work project descriptions.

3. The Director of Finance was authorized to approve discontinuances of financial projects, in the interest of holding to a minimum the items requiring attention of the group heads.

4. The group directors were authorized to approve Project Obligation Estimates. These estimates set forth at the beginning of each fiscal year the amounts agencies plan to apply to major activities. The review and approval of these plans serve as a check to assure that proposed allocations reflect Department policy with respect to the various programs and, at the same time, give full effect to the intent of Congress in providing appropriations.

PROGRESS IN ACCOUNTING SYSTEMS IMPROVEMENT

For effective administration, agency management relies on accounting for current factual information on financial operations for purposes of planning and control, as well as for a historical record of financial transactions. The accounting framework within an agency should be consistent with the responsibilities assigned to it and should also be sufficiently flexible to meet changing programs and conditions and to permit the adop-

tion of new techniques and procedures. With this general objective, the Office works cooperatively with the accounting staffs of Department agencies and the Accounting Systems Staff of the General Accounting Office on a program to devise for each agency an accounting system best suited to its needs. In the development of the individual agency accounting systems it is necessary to take into account the size, type of organization, ex-

tent of field activities, and programs of the agency, with a view to providing more meaningful, timely, and reliable financial data for management use and for reporting purposes.

The work involves, in most instances, the revision of the general ledger system of accounts, including subsidiary records, simplification of procedures, and preparation of agency operating manuals. Some examples of specific improvements involving one or more agencies of the Department are, as follows:

1. Decentralization of the general ledger, property, and retirement records to regional offices, thereby providing more efficient control over cash and other assets, eliminating some duplication of records, simplifying the reporting requirements, and in general improving the accounting procedures.
2. Provision for more current data on obligations and expenditures, reduction in general ledger accounts, and decentralization of

retirement records to the State level.

3. More effective control over cash receipts from sale of Government property and other sources.
4. Establishment of better bases for charging administrative and other indirect costs to appropriations and activities.
5. The development of a commercial-type accounting system for certain central warehouse and repair operations.
6. Modification of the accounts to provide for more adequate and timely financial reporting.

During the year a revised accounting system and manual of operations for one agency were submitted to the Comptroller General for approval. Revision and simplification of the general ledger accounts have been completed in three other agencies and manuals of operation are well advanced. A study of the organization and accounting needs of five additional agencies was undertaken during the year.

DEVELOPMENT OF BETTER FISCAL PROCEDURES

Concurrent with the review of accounting systems, continuing attention is given to the basic accounting procedures common to all agencies. The objective is to assure adequate fund control and, at the same time, to simplify and improve procedures in the interest of efficiency and economy in accounting operations. Some aspects of this work have a general application, while others seek solutions to specific problems. Illustrative of the former was the development and promulgation of a uniform policy on the control and financing of foreign travel. An improved system for reporting collections and expenditures is another example of this type. Whenever a new idea is

developed that has apparent merit, it is tested in one or more selected agencies to determine its value for possible departmental or governmentwide usage.

Frequently one new idea leads to another. This is illustrated by an extension of the benefits of the combined voucher schedule which was developed several years ago to combine features of the individual disbursement vouchers and the schedule of disbursements. It was determined during the year that an extra copy of this form could be used to facilitate the handling of deductions from salaries of employees for retirement, taxes, and bonds. The use of this extra copy eliminates the preparation of a

separate form and results in savings of time and material. The General Accounting Office has prescribed this procedure for general Government use.

Another development approved by the Comptroller General for governmentwide use involves the preparation of schedules of collections. Agencies subject to audit at the site of their operations (comprehensive audit) by the General Accounting Office were authorized to omit the preparation of such schedules since the Certificates of Deposit would serve the needs of disbursing officers and the agencies could use their register of receipts for identifying individual collections both for their own purposes and those of the auditors. In other agencies, preparation of collection schedules could not be eliminated but the number of copies was reduced by dispensing with the copy formerly furnished to the disbursing officer.

In the last fiscal year, a test was made on payment procedures applicable to contracts for continuing services or supplies. The plan in-

involved payments based on certified invoices in lieu of obtaining the thousands of formal contracts previously required. It was used for payments where annual costs did not exceed the open market limitation of \$500 except in the case of utilities where the plan operated without regard to annual costs. The test proved the plan entirely feasible and it has now been adopted for Department-wide use.

A specific problem existed in one agency where there were approximately 45 individual cooperative agreements for which separate receipt and expenditure accounts were maintained. In order to simplify this situation, all receipt and expenditure accounts were consolidated into one receipt and one expenditure trust account, and subsidiary controls were established for each individual agreement.

Among other developments during the year was the delegation of authority to Department agencies to review and handle certain classes of claims.

AUDIT PROGRAMS

The establishment and maintenance of internal auditing activities in the agencies as an aid to management in more efficiently administering their operations is encouraged by the Department. During the year a special survey was made of this activity in order to provide current information on the operational procedures of the internal audit staffs and to assist in determining those phases of agency audit programs requiring attention. Special assistance was given to several agencies which have recently established internal staffs or were expanding their present audit coverage.

In connection with the assump-

tion of the responsibilities of his office, the Secretary of Agriculture asked the Comptroller General to make special audits of the corporations and lending agencies of the Department, as of the close of business January 31, 1953. The Comptroller General was unable to undertake these special audits and suggested that they be performed by the agencies' internal audit staffs. He advised the Secretary that the General Accounting Office would (1) provide preliminary guidance and evaluate the plan developed by the audit staff of each agency, and (2) review and evaluate, on a test basis, the work papers and reports following the completion of

the audit. The Comptroller General agreed that, based on this participation by his staff, he would furnish to the Secretary an evaluation of the soundness and adequacy of the audit methods followed by the agencies. This Office made all detailed arrangements with the General Accounting Office in connection with the audits and participated in meetings with agency representatives to facilitate the solution of various questions arising in the course of the work. All the audits had been completed and the

reports were either released or in final stages of preparation at the end of the fiscal year.

With respect to the comprehensive audit program of the General Accounting Office, which, in the Department, is carried on in all corporations and in six of the larger agencies, this Office continued to serve in a liaison capacity on major problems involving audit activities, including active participation in the review of reports on these audits.

IMPROVEMENT IN SUPPLY MANAGEMENT

Supply operations are required for agricultural programs at many locations throughout the United States and in foreign countries. To provide for the most effective management for each program and location, supply operations are decentralized to the maximum feasible extent. Activities of this far-flung nature present numerous complexities which must be dealt with at the staff level. Continuing attention is given to such matters as conformance with accepted purchasing standards, most effective utilization of property, adequate procedures for controlling and accounting for supplies and equipment, and related aspects of supply management.

During 1953 the Office cooperated with the General Services Administration in developing standards to reduce the number of types, sizes, and kinds of items purchased for identical or similar purposes. Particular attention was also given to agency purchase standards for office supplies to reduce to a minimum the variety of items carried in small stocks at the point of use. Further, more efficient requisitioning procedures, such as the use of forms with standard items printed thereon, were encouraged.

Guides were provided for agency use in setting standards for inventory levels of small stocks of supplies and for establishing schedules for replenishment of such stocks. Major warehousing facilities were inspected for adequacy of inventory controls and adherence to prescribed inventory levels.

Procedures for the use of petty cash funds for making small purchases, devised during the previous year, were installed and further improved. A small purchase order form suitable for pencil preparation, developed and used by several Department agencies, was adopted by the General Services Administration for governmentwide use. Its use was also expanded in the Department for over-the-counter purchases.

The handling of small purchases was still further improved as a result of a study made by the General Services Administration in which this Office participated. This study disclosed that it would be more efficient and economical to permit agencies to make certain small purchases locally rather than through General Services Administration facilities or contracts. The regulations were amended accordingly.

Contracts executed by the Department usually provide for appeal from decisions of contracting officers to the Secretary or his designated representative on disputes arising under such contracts. Procedures were established for the appointment of boards of review to hear and consider such appeals. The functions of the board are to conduct hearings on the appeal and recommend a basis of settlement to the Secretary.

The Office continued to press for efficient use of property through use and replacement standards and through effective redistribution and use of excess property. Agencies were urged to take excess property wherever possible in lieu of making new purchases. In addition, the replacement of equipment of poor quality or condition with better available excess equipment was encouraged. The seven Area Agricultural Equipment Committees, operating under the supervision of this Office, facilitated the property transfers among the Department agencies and to and from other Government agencies.

With respect to motor vehicles, studies and consultations were carried on with the General Services Administration for the purpose of improving management practices

and reporting methods, and with the Bureau of the Budget concerning storage costs for certain classes of vehicles. Special consideration was given to better utilization of passenger automobiles as a part of the continuing effort to reduce the number of vehicles. Replacement standards were studied with a view to improving the operating efficiency and condition of the motor vehicles in use by the Department agencies.

A review was made of the Department's policies with respect to the maintenance of financial and accountability controls over personal property in the light of legislation enacted during recent years. In cooperation with this Office, task groups of agency fiscal and property representatives formulated procedures setting forth principles, standards, and related requirements. These procedures are in conformity with principles and standards promulgated by the General Accounting Office to the extent applicable to this Department and, when put into effect, will provide adequate controls and information for management needs with the minimum of record keeping. The proposed procedures have been submitted to the Comptroller General for review and approval.

REVIEW OF AGENCY OPERATIONS

As an additional method by which the Director of Finance carries out his overall responsibilities for Departmental fiscal affairs, a series of reviews of operations in the individual agencies of the Department was begun in 1952.

The general purpose of these reviews, which are conducted through survey methods, is to strengthen the management and operation of the Department's activities by (1) obtaining background information and understanding of practical situations for guidance in the development of policies and procedures

affecting the functional fields for which the Office of Budget and Finance has departmental responsibility; (2) aiding agency officials in the application of improved management techniques and principles in these fields; (3) providing information to the departmental staff as to whether reasonable standards of economy and efficiency prevail in the conduct of the foregoing activities; and (4) ascertaining emerging problems and bringing them to the attention of appropriate officials.

OTHER CONTRIBUTIONS TO GENERAL MANAGEMENT

One of the important areas for management consideration is the performance of official travel. It is essential in the public interest that the amount of travel be held to the minimum consistent with the effective carrying out of programs. Emphasis is placed on keeping travel expenses as low as possible while at the same time recognizing that the highly decentralized nature of agricultural programs requires that essential travel be performed. The business of the Department has to do largely with farmers, crops, livestock, and the forests and their products, and with the numerous trade and other groups engaged in the marketing, distribution, processing, handling, and utilization of these commodities. Employees must move as required by the circumstances of the work if it is to be effectively administered.

In line with the objective of performing necessary travel efficiently, efforts are made to establish subsistence and mileage allowances which are fair and equitable to both the Government and the employee. Accordingly, established policies permit agencies to take into account the particular circumstances involved in determining the allowance to be paid. Because of the many different types of program activity in the Department, there is considerable variation in the allowances paid. While the maximum allowable per diem in lieu of subsistence is \$9, approximately 85 percent of the Department's travel is accomplished at lesser rates, averaging on the whole less than \$7. The maximum allowance for the use of privately owned automobiles is 7 cents per mile. The average actually paid by the Department approximates 6½ cents. As a part of its management activities with regard to travel, the Office analyzes data on travel costs both to evaluate

current practices in the Department and to develop reports for administrative and informational use. The Office also seeks to improve the administrative procedures relating to travel. Currently, the Office is participating in a management improvement project, initiated by the Bureau of the Budget, the Treasury Department, and the General Accounting Office, primarily concerned with the procedures followed with the public carriers in ordering and paying for travel of employees.

Trends in administrative expense were analyzed for the 5-year period 1948-52. The data revealed that salary costs for performance of administrative functions such as budgeting, accounting, purchasing, personnel work, and kindred activities decreased from 11 percent of the total payroll to 9.7 percent. The number of employees engaged in such activities declined by 9.6 percent. Analysis of this type affords factual information and guidance to management officials of the Department.

The Office reviews proposed agency organization charts as a part of its staff operations in the areas of budget, fiscal, and property management work. To facilitate general recognition of the specific functional responsibilities in these fields, the Office developed standardized statements of the essential duties relating to each of these major activities to be used in evaluating agency arrangements for performance of this work. These statements provide a guide helpful in clarifying the appropriate assignment of functions to organizational units.

In the field of budgetary and financial reporting the Office provides assistance to Department agencies both in handling specific problems and in the development of adequate reporting systems.

There are numerous reporting problems which must be handled at the departmental level. A typical example was a proposal developed last year for submission to the Bureau of the Budget which dealt with the method of reflecting in the Budget the expenditures for programs financed from corporate funds under special Congressional authorizations. In addition to the developmental phases of the work, the Office also handles a considerable volume of requests for budgetary and financial information received from Members and committees of Congress, other Govern-

ment agencies, and private agencies and individuals.

The Office reviews and evaluates employee suggestions relating to its areas of responsibility. Usually such suggestions have broad budget, fiscal, or property management implications, thus entailing contacts and discussions with the Bureau of the Budget, the Treasury Department, the General Accounting Office and the General Services Administration. This is a part of the Department's program to encourage employee participation in management improvement.



